

1997

The role of commercialisation in restructuring the New South Wales public sector and the implication for industrial relations

Liwayway Johnson
University of Wollongong

Follow this and additional works at: <https://ro.uow.edu.au/theses>

University of Wollongong

Copyright Warning

You may print or download ONE copy of this document for the purpose of your own research or study. The University does not authorise you to copy, communicate or otherwise make available electronically to any other person any copyright material contained on this site.

You are reminded of the following: This work is copyright. Apart from any use permitted under the Copyright Act 1968, no part of this work may be reproduced by any process, nor may any other exclusive right be exercised, without the permission of the author. Copyright owners are entitled to take legal action against persons who infringe their copyright. A reproduction of material that is protected by copyright may be a copyright infringement. A court may impose penalties and award damages in relation to offences and infringements relating to copyright material.

Higher penalties may apply, and higher damages may be awarded, for offences and infringements involving the conversion of material into digital or electronic form.

Unless otherwise indicated, the views expressed in this thesis are those of the author and do not necessarily represent the views of the University of Wollongong.

Recommended Citation

Johnson, Liwayway, The role of commercialisation in restructuring the New South Wales public sector and the implication for industrial relations, Master of Commerce (Hons.) thesis, Department of Economics, University of Wollongong, 1997. <https://ro.uow.edu.au/theses/2290>

The Role of Commercialisation in Restructuring the
New South Wales Public Sector and the
Implications for Industrial Relations

A Case Study of the
Illawarra Institute of Technology - TAFE



A thesis submitted in partial fulfilment of the
requirements for the award of degree of
M.Com.(Hons)

from

The University of Wollongong
Department of Economics
March 1997

by

Liwayway Johnson

Table of Contents

	Page No
List of Tables	iii
Abstract	v
Acknowledgments	vi
Introduction	1
Chapter I Industrial Relations in the NSW Public Sector	5
Chapter II Commercialisation in the Public Sector and the Implications for Industrial Relations	27
Chapter III History of TAFE NSW and the Recent Restructuring	54
Chapter IV Commercialisation at the Illawarra Institute of Technology: A Case Study Analysis	87
Chapter V Employees Perception about the Hindrances for Successful Commercial Venture at the Illawarra Institute of Technology	131
Chapter VI Conclusion	165
Bibliography	172
Appendices	
Appendix 1 Map of Illawarra Institute of Technology	187
Appendix 2 Consent Form and Sample Questionnaire	188
Appendix 3 Faculty Model Structure	197

Appendix 4	Re-alignment of the Illawarra Institute of Technology	201
Appendix 5	Memorandum on Productivity Improvements at the Illawarra Institute of Technology	210
Appendix 6	NSW TAFE Teachers Salaries Case - Agreed Outcomes from the NSW TAFE Commission and NSW Teachers Federation	215

List of Tables and Figures

Tables

Table A1	Staff Reduction in Australian Defence Industries Limited	37
Table A2	Retrenchments in the Departments of Administrative Services and Defence	38
Table A3	Part-time Workers Preferring to Work More Hours and Searching for Full-time Work.	41
Table A4	Summary of the Gross and Net Savings from Amalgamation of DTEC and TAFE	74
Table A5	Voluntary Redundancy at TAFE NSW 1994-1996	83
Table 1	Age and gender of the respondents	102
Table 2	Respondents length of service at TAFE	103
Table 3	Respondents by gender and classification	104
Table 4	Respondents employment status	104
Table 5	Extra tasks by the respondents as a result of involvement in commercial activities	149

Figures

Figure A1	Case Study Structure	94
Figure A2	Continuation - Case Study Structure	95
Figure 1	Staff Satisfaction with their job	105
Figure 2	Years of involvement in commercialisation activities	107
Figure 3	Benefits of commercialisation to industry	111
Figure 4	Benefits of commercialisation to students	119

Figure 5	Benefits of commercialisation to staff	125
Figure 6	Benefits of commercialisation to management	129
Figure 7	Hindrances for successful commercial venture at the Illawarra Institute of Technology	132
Figure 8	Areas that respondents have to sacrifice in order to cope with the workload	150
Figure 9	Advantages of decentralising management and admin activity to the Institute	154
Figure 10	Disadvantages of decentralisation to the Institute	155
Figure 11	Whom respondents think best looks after their interest at work	157
Figure 12	Ways to improve the implementation of commercialisation at the Institute	158

Abstract

Commercialisation has been an integral part of microeconomic reform in the New South Wales Public Sector since 1980. The TAFE sector, as part of the NSW public sector is no exception. TAFE was forced to accommodate the changes and challenges imposed by the government in order to increase efficiency and competitiveness in the open training market. There are questions about the ability of the TAFE system to adapt to these demands.

Although there have been some changes within the current industrial relations system, the rate of change has not been fast enough to keep pace with changed objectives. Staff are forced to work within a system where rigidity becomes a constant frustration in finding a way forward.

This thesis investigates the adoption of commercialisation as a goal and its impact on industrial relations, particularly on staff. In order to gauge the reaction of staff, a self administered questionnaire was devised and administered as part of this work. In addition, interviews were conducted with Senior Management and Teachers Federation Delegates. The results of the questionnaire and interview transcripts were used as evidence to analyse the effect of commercialisation on staff in TAFE.

Acknowledgments

The completion of this thesis could not have been achieved without the assistance and support of many people.

A special thanks to the staff, senior management and Teachers Federation representatives at the Illawarra Institute of Technology - TAFE for their valuable contribution to this thesis. I am so indebted and grateful for their openness and support.

At the various stages of writing, I have been fortunate to have two well respected academics as my supervisors. In the early part, Professor Ray Markey supervised the conduct of this research. He was also the major source of moral support and guidance. I thank him for his encouragement and trust in my academic ability.

In the middle of conducting this research, Professor Rob Castle took over to provide assistance and advice in the analysis and writing up of the results. He helped me see significant issues that I could not see. He was an eye opener. I am so grateful for his patience, support and encouragement.

Nadia Verucci also offered guidance and support. She read through the thesis and made some constructive comments.

Finally, a special thanks to my beloved family who had to share with me the ups and downs of writing this thesis.

Introduction

The late 1980s marked a period of radical change throughout the NSW public sector. This shift was in response to microeconomic reform. As a result of this, TAFE as part of the NSW public service, was forced by the government to move away from its traditional mode of operation, which was perceived as highly bureaucratic, rigid and hierarchical, to one which was more market and result oriented. The New South Wales Technical and Further Education (TAFE) has a long history and has experienced many changes and developments over time to its philosophy in order to meet new challenges and at the same time retain its vigour. However, in this rush for micro-economic reform, the industrial relations implications and the ability of the TAFE system to accommodate these changes were overlooked. This study will critically look at the result of this imbalance.

The main objective of this thesis is to determine the role of commercialisation in restructuring the TAFE sector, examine the process of implementation and describe its impact on its industrial relations. This investigation will be based on one specific area of a TAFE sector, the Illawarra Institute of Technology (appendix no 1).

Finally, this thesis will provide an explanation of the constraints on introducing commercialisation and providing evidence as to whether or not commercialisation can be successfully implemented in the TAFE sector under the current industrial relations system.

In order to achieve these objectives, interviews were conducted with the majority of the senior managers, union representatives, teachers and other relevant staff at the Illawarra Institute of Technology.

Commercialisation has been widely promoted as a vehicle for microeconomic reform and it has been seen as means of increasing productivity and competitiveness and an effective way to generate the extra funding needed that the government is no longer able to provide. There has been very limited analysis of commercialisation in the TAFE sector and it is almost non-existent at the Institute level. Also, there has been little critical writing on how the strategy might be used, and a lack of understanding of the application of the concept and its possible effects in the TAFE system.

Policy makers have assumed that commercialisation is a legitimate goal and its implications are unproblematic, but assumptions concerning the implications of public policy such as commercialisation, are seldom tested in the TAFE system because testing is not conducted at the Institute level where policy implementations normally occur. Not only are the implications of commercialisation unknown but neither has any investigation taken place specifically to gauge the perceptions of commercialisation from the staff, unions and management. The result of this is that decisions are based on predictions and forecasts that virtually ignore the implications for staff, teachers and management and in turn, affect the institution.

Commercialisation, in the public sector, is expected to move towards a more results oriented strategy based on private sector practices, and some argue that this is only possible by adopting a 'corporate' style of management and loosening the industrial relations system.

However, this thesis will argue that the organisational rigidity in TAFE NSW and the limitations of the industrial relations system in the TAFE NSW are unable to accommodate contemporary developments in TAFE sector because of inherent

weaknesses embedded in the system. Even though there have been remarkable changes in the last ten years, the speed of change had been insufficient to allow TAFE to meet the objectives of microeconomic reform.

The thesis will examine the industrial relations implications of commercialisation in the following way. Chapter I focuses on industrial relations in NSW public sector, and the obstacles to importing private sector practices to the public employment arena. Some of these practices are; new job structures, pay for skills, decentralisation, employment contracts, measurement of productivity, and enterprise bargaining. Finally, it is concluded that despite the move to decentralisation of industrial relations in the NSW public sector, there is still significant rigidities in the organisational structure.

Chapter 2 critically reviews the concept of commercialisation in the NSW public sector. The chapter begins with an examination of the role of commercialisation as an integral part of micro-economic reform in the NSW public sector. It also clarifies the definition of commercialisation and analyses the ways it was implemented in the NSW public sector and the implications of commercialisation on industrial relations.

Chapter 3 provides a brief description of the history of TAFE from 1860 to the present, focussing on major developments. Major events during this period are highlighted, particularly the changes in its ideology, structure, and administration. The chapter concentrates on the major stages of development at TAFE and the motivation for reform. Important developments occurred after the 1964 Martin Review, the 1974 Kangan Report, the 1989 Scott Review, and the 1995 Change Management Review.

Chapter 4 examines the introduction and implementation of commercialisation at the Illawarra Institute which encompasses the Upper Illawarra, Southern Tablelands and Southcoast campuses. The intention is to provide evidence on the effects of commercialisation at the Institute level within the current industrial relations system and the impact of commercialisation on staff, management and the union. Data for the case study was generated from a survey of staff involved in commercialisation, in-depth interviews with six middle managers and top management which included one institute deputy director, a director from the Illawarra Institute and two delegates from the TAFE NSW Teachers Federation. Aside from the survey and interviews, data was obtained from various government reports and other studies.

The survey was conducted between May and August 1996. Its objective was to determine the implications of commercialisation on staff while the interviews with management and union representatives were designed to develop a picture on how and why commercialisation was either embraced or resisted by both parties, the employer and the unions.

In the final chapter a judgement is made about the role of commercialisation in NSW TAFE and the impact it has on the industrial relations system within TAFE. This thesis will highlight the problems which have arisen as management, staff and unions have tried to accommodate commercialisation within a management and industrial framework which is not well suited to the task.

Chapter I Industrial Relations in the NSW Public Sector

Introduction

This chapter will outline the transformation of the traditional system of industrial relations in the NSW public sector as part of micro-economic reform. It covers the period from the establishment of the Public Service Board until its abolition in 1988 and the developments since then. The main objective of this chapter is to highlight those particular aspects of the NSW public sector industrial relations system which have influenced the development of TAFE in NSW.

It will be argued that despite the shift to a decentralised industrial relations system, elements of the centralised system continue to persist. The absence of business objectives in the NSW public sector, the complexity of the award, the management structure of the public sector, bureaucracy and lack of autonomy are some of significant barriers in decentralising the industrial relations system. These issues are discussed in detail below.

The second part of the chapter discusses the move towards an enterprise bargaining strategy in the NSW education system for the purpose of increasing efficiency and productivity in the TAFE NSW and the adoption of private sector practices in the NSW public sector as a substitute for the traditional working practices and industrial relations in the public sector. This strategy is becoming common practice in the public sector, in fact, terminologies such as teamwork, total quality management, consensus and many others have become familiar. The expected outcomes of this strategy are yet to be seen.

This chapter will conclude that the objective of decentralisation in the NSW public sector industrial relations is yet to be achieved. Many current studies show

that relatively little reform has been achieved to date. This has affected an organisation such as TAFE as it struggles to meet new objectives, such as commercialisation.

The industrial relations structure in the New South Wales Public Sector was distinctive compared with its private sector counterparts. Many of its distinctive characteristics are particularly noticeable in the area of employment relations. Understanding industrial relations in the public sector context requires the understanding of the relationship between the major parties; employers, unions and the workers. According to Keenoy (1983) the way industrial relations may be defined is by identifying and understanding the administration and control of the employment relationship in industrial societies.

The public sector involves three groups; unions, management, and government departments, agencies and authorities. The unions were principally; the Public Service Association (now the Community Public Sector Union), The Teachers Federation, the Professional Officers Union plus some small union groups such as the Miscellaneous Workers Union. The management or employer role used to be filled by the Public Service Board (McDonald:1975), (now Public Employment and Industrial Relations Authority - PEIRA).

The highly centralised system of industrial relations in the New South Wales public sector was one of its major features. The centralised system of industrial relations meant that there was a greater range of rights and protection for employees. The arrangement concerning the working conditions of workers were decided centrally in order to avoid inconsistency and ensure uniformity in decision making (Gardner & Palmer:1992).

Another important feature of the NSW public sector industrial relations system was that its employment relations were structurally complex. Decisions on employment matters typically involved different bodies in order to emphasise fairness. Under the traditional system of industrial relations, the New South Wales Public Service Board had the responsibility for managing public service employment. It had central control over employment policy from recruitment to job classification, determination of salaries, working conditions and promotion. The establishment of the New South Wales Public Service Board was a means of preventing inefficiencies and inequities in public administration and was a response to major inquiries which criticised the unprofessional, inconsistent and inequitable systems of public administration that had developed in the nineteenth century, and was originally established to fight "political patronage". It was also seen as a mechanism for avoiding politicisation, preventing fragmentation of the career service and nepotism, departmentalism, anomaly and injustice (Gardner:1993).

Another reason for the development of centralised Industrial Relations in the New South Wales public sector was so that the government could have total control of wage outcomes. Gardner in 1993 argued that the government feared the possibility of the leap frogging of claims between agencies would lead to an over-all rise in total wages outcomes and regarded it as a serious matter. Since labour accounts for 60% of the input costs of government, it has an enormous interest in controlling the overall labour cost of the Public Service.

Prior to the decentralisation of industrial relations, normal business calculations concerning revenue and costs had never been part of the public sector agenda. To illustrate this, the economic ceiling to wage increases was imposed not by business

performance but by the funds allocated by the government. Negotiations for wage increases depended on the nature and funding of public services and did not depend on business viability. Although some parts of the public service were operating on commercial basis (e.g. electricity, gas, water and railway) it was not until the 1980's that full commercialisation was introduced by the government. The traditional public service was not established to operate in the market place to generate profit, and therefore, decisions by unions and management regarding bargaining for pay increases were purely industrial and administrative.

Wage negotiation under the centralised system was normally decided by the Public Service Board upon consultation with the relevant unions. Private industry relies on profit for salary increases but the public sector relies on the governments budget which may change from year to year or at the whim of the government in power at the time (McDonald:1975).

Compared with the conventional employer, the Public Service Board enjoyed a greater level of power particularly in the determination of wages. The Board was seen to be more like a mediator or a tribunal than an employer. The use of unregistered agreements was rather common in the traditional public sector. McDonald (1975) argued that the reason for this was that, there was a sufficient trust between the unions and the Board, and so the registration of agreements was considered unnecessary.

Recent developments at the Federal and State level included structural, organisational and managerial reforms. They were aimed at creating a more flexible and competitive organisation. However, the particular features of the structure of

industrial relations in the NSW public sector made it difficult to restructure public employment. This has important implications for industrial relations.

As part of the major overhaul of the NSW Public Sector, the Public Sector Board was abolished in 1988. It was suggested that the centralisation of public employment led to the development of an internal labour market. This meant that there was a heavy emphasis on seniority as the basis for promotion and mobility. The Public Service's promotion-by-seniority rule, which rewarded longevity, was eventually replaced with a promotion-by-merit rule in 1988. This meant that performance and merit were given emphasis when applying for promotion (Alford:1994).

The supporters of the centralised employment system argued that the abolition of the Public Service Board encouraged public service personnel management decisions to be influenced by politicians, vested interests and were open to corruption. They further argued that it threatened the values that had been developed and established in the public service such as the merit principle and downgraded Equal Employment Opportunity (Gardner:1993). The Public Employment Industrial Relations Authority (PEIRA) took over some of the functions previously performed by the Board such as job classification and employee relations, and also served as a buffer between traditional union leaders and market oriented government officials (Moore:1989). The abolition of the New South Wales Public Service Board did not mean the end of centralised employment system. The Australian Workplace Industrial Relations Survey (1991) shows that despite pressure for decentralisation, the centralised system predominated in the NSW public sector. The Callus survey in 1991, revealed that 43% of industrial relations decisions in the

public sector are still made by managers beyond the workplace, whereas in the private sector, 12 % of the decisions were made outside the workplace (Callus, et al:1991).

The Greiner government replaced PEIRA with a new system that entailed the redistribution of powers and responsibilities to the agencies and departments. Recruitment by open competition was introduced for management positions by advertising externally in order to attract and encourage high calibre applicants for high government positions. Greiner's government also began delegating to department heads the power to create and abolish jobs, and to recruit their own staff immediately (Moore:1989).

Other major changes flowed from the National Wage Policy and the Accord between the Australian Council of Trade Unions and the Unions and the Federal Government including award restructuring and enterprise bargaining. Under award restructuring the development and implementation of new job structures in the Public Service was part of a wider labour market reform. Curtain & et al (1992) argued that changes in job structures in the public sector would promote the merit principle and provide greater flexibility through skills acquisition and formal training to give opportunities to staff to have access to a wider range of occupations through their increased competence. However, the complexity of awards in the public sector coupled with the lack of autonomy by individual agencies and departments made it difficult to restructure the job classifications.

The pay-for-skills strategy (where workers are given incentives to acquire extra skills) was developed and implemented in order to provide greater functional flexibility. This strategy did not work as expected because it placed so much demand

on training resources, more than was specified in the Training Guarantee Act. The public sector traditionally put little emphasis on training particularly at the lower occupational levels. This strategy, in order to work, required financial resources and commitment from management (Curtain:1993:).

Curtain argued that despite these reforms, the public sector management still cannot shake-off their old ways of doing things. The public sector system is still embedded with an organisation culture that is seen as a barrier to reform. The changes in the public sector were much slower when compared with their private sector counterparts, due to lack of autonomy in the public sector. Whilst this bureaucratic culture worked very well in a traditional public sector operation, it is unlikely to work in a more market oriented environment where competition and efficiency are the primary requirements for its survival.

Decentralisation of Industrial Relations Practices

When Greiner's Liberal National coalition came into office in 1988, they moved to change from the traditional practices of industrial relations in the public sector to a more decentralised system. The decentralisation of industrial relations in New South Wales was believed to be one of the strategies which would assist in reforming the New South Wales public service. The process of decentralisation was advocated in the Niland Green Paper (1989), Transforming Industrial Relations in New South Wales. Here, decentralisation is defined as:

"the shifting and delegating of power and authority from the central point to subordinate levels within the administrative hierarchy in order to promote

independence, responsibility, decision making and implementation of activities away from the Central government coordinating agencies and central offices or agencies to the lowest practical level in an organisation (AGPS:1990:50)".

Although decentralisation was originally devised in the private sector, Niland believed that it also had the potential to make the Public Sector more efficient and responsive to the needs of the community, governments and Public Sector workers. The decentralised industrial relations system was first tested in the NSW public sector in the Department of Administrative Services and government business enterprises.

The process of decentralisation was concerned with devolving or transferring power, authority, and responsibility from the central agency to line managers in order to enhance enterprise productivity and efficiency. It was also believed that it would reduce the overhead costs of running a large central office, allowing local managers, with a more practical knowledge of service delivery, to make better resource allocation decisions which would free resources at peak levels of organisations to allow for more emphasis on policy development and planning (AGPS:1990). Decentralisation became an issue not only in government agencies and departments but also in Public Education System and TAFE, where there was a shift of responsibility to schools and the community. The schools were handed more responsibility to develop autonomy, greater self management and control and accountability for delivery of outcomes (Smith:1994).

The devolution of responsibility from the central agency to line managers was the fulfilment of Greiner's philosophy of allowing the line managers to manage and

get on with their jobs without unnecessary interference from central management (Moore:1989).

In 1995, 17% of the Australian public sector employees were under contractual employment arrangements (Hamberger:1995). Changes to the employment system were on the top of Greiners' agenda in decentralising the New South Wales industrial relations system. Employment contracts and open competition for employment became a reality. The Senior Executive Service was to receive market related remuneration. This was very similar to the practices in the New Zealand Public Sector, where labour market reforms in force since 1988, arose out of a sense of fiscal crisis and the strategic decisions made to transform the role of the state in society and economy in order to make the public sector commercially competitive (Walsh & Ryan:1993:13-22). The Employment Contracts Act 1991 signalled the abandonment of the traditional framework of Industrial Relations. It was aiming to restructure the labour market (Harbridge:1993).

Employment contracts were introduced by the Greiner Government in the New South Wales Public Sector for government chief executives because it was believed that commercialisation could be improved by giving financial incentives to its managers if their organisation performed well. Greiner's idea was to pay chief executives base salaries linked to current market rates. In addition, managers would receive an annual bonus if they exceeded the target by a specific amount. The Public Sector Management Act (1988) enabled the government to introduce a more flexible system of public employment.

The government employed consultants to review the salaries of chief executives and new salaries were offered based on the related 'market' rate. Between

March and September 1989, the government was awarding salaries to government chief executives, at the salary rates which were advertised at 20% to 60% higher than before (Moore:1989:113).

In exchange for these financial benefits, members of the senior executive service had to meet targets. Extra salary payments were financed from productivity gains in each executive organisation based on the type of service it provided. How productivity gains were to be achieved was far from clear. The chief executives had to sign a fixed-term contract (five years maximum) similar to New Zealand's and give up employment security. The reason behind this, was to give the government the opportunity to evaluate and assess each chief executive's performance prior to the renewal of the contract. Although the employment contract deal was welcomed by many government executives, there were some who kept a "safety net" that guaranteed them employment in the government service should their performance be below that targeted.

One of the impacts of decentralisation and related changes to the employment system in the NSW public service wage structure was the shifting of emphasis to productivity as a basis for wage increases. As discussed in Chapter II, the measurement of productivity in the public sector is difficult to determine because of the conflicting agendas in executing multiple objectives. For instance, the political agenda may be in conflict with the commercial objectives. This particular problem is almost non-existent in the private sector. Empirical studies on productivity in the workplace have produced little evidence about the correlation between decentralisation and productivity (Gardner:1993 & O'Donnell:1995). This has always been a problem in the public sector, particularly in providing evidence quantifying

productivity. It is somewhat difficult to measure output in the public sector, compared with other manufacturing industries due to the inherent nature of the organisations. It is easy to measure a reduction in spending, but, this does not necessarily mean that productivity has increased. Some Government Departments such as the Government Printing Office, and the New South Wales Department of Administrative Services, have claimed that their productivity had increased, but neither Department offered any explanation of how the greater productivity had been achieved (Radbone:1991).

The case studies on enterprise agreements in the public sector revealed that in spite of all the support for the enterprise bargaining system, there is still a problem in the NSW public sector of having genuine and mutual negotiation. One of the key obstacles for the NSW public sector unions in the enterprise bargaining system is how to demonstrate and measure productivity gains with public sector employees. Hence, only a handful of ratified New South Wales Public Sector (1993) agreements have linked wage increases directly to productivity targets. The issue of performance-linked pay is not being approached in any definitive way. Those Departments that claimed increases in productivity since the ratification of enterprise agreements still cannot explain how the productivity was derived. For example, Stegwick (1994) claimed that in 1987-1988 to 1991-1992 an over all increase of 2.5% was achieved in Public Sector productivity.

The measurement of efficiency and productivity in industries and other New South Wales public sector departments is difficult to determine but, it is even more difficult to measure efficiency and productivity in education because of the different interpretation and definition of productivity and the way it is estimated. Now that

economic rationalism is being applied to education, productivity has become one of the major issues confronted not only by the staff but by the union and management. This has greatly affected industrial relations in the education system.

The drive to be productive and efficient in education is seen in attempts to maximise outputs and minimise costs. The education system including technical education, (the subject of the case study in this thesis) in New South Wales has been under considerable pressure to operate on the value for money principle.

The Evatt Foundation (1994) argued that the emphasis on cost-efficiency only offers short-term benefit, rather than establishing a more productive work culture. For example, aside from flexible delivery, TAFE has relied on temporary and casual teaching, educational and administrative staff. This might benefit the institution in the short-term but students may suffer due to the high turnover of staff that may reduce the quality of service and staff commitment. As mentioned earlier, there are some organisations where productivity is easier to measure than others. For some manufacturing industries and enterprises, there is a definite and clear relationship between workers and product e.g. a worker might produce 100 bulbs or 100 cars in a given time, which therefore produces a tangible output at the end of the production process. In a service industry such as TAFE, productivity will be much harder to demonstrate. In the area of education, the educators' work does not fall into this category and therefore, it is difficult to make adjustments during the production process because some of the work undertaken by educators is not measurable and therefore adjustment and even costing is difficult. Their services neither creates tangible outputs, creates exchangeable wealth, nor do they occur spontaneously. Productivity in education is the result of different factors such as changes in the

process motivation from students, capital equipment, investment on teacher's training, and so on. Eventhough performance indicators have been developed to act as surrogate measures of productivity they are difficult to relate to wages in service industries (Hodgkinson & Castle:1996).

Marginson (1993) argued that the complexity of multiplicity of educational services creates significant difficulties for analysis of productivity and efficiency. While it is easier to identify the outputs in education such as the cost of labour, buildings, power, machinery, equipment and others, it is very difficult to see the tangible finished product at the end of the production process.

Marginson suggested that the output of educators can perhaps be identified by considering indicators such as the number of students enrolled and taught in a given period of time; the number of graduates; the knowledge and competencies of students; the hours of face to face teaching and preparation time; the academic support for students such as counselling; externalities, including the contribution of higher education to the 'civilisation' of the society. This still cannot guarantee that outputs can be accurately determined, and therefore the drive for cost efficiency can be dangerous.

The decentralisation of the employment system in the Australian Public Sector has put greater emphasis on bargaining at the enterprise level. The major challenge to the centralised industrial relations framework came about with the public sector's new managerialism which encouraged workplace bargaining as a mechanism for the commercialisation of public services.

The decentralised system of bargaining favours an enterprise bargaining model, where increases in wages depend on the employer's capacity to pay. This

model also allows for working conditions and resolution of disputes to be negotiated at the enterprise level for the purpose of increasing productivity. The management and union are expected to work together with a new spirit of cooperation to avoid industrial disputes (Preiss:1994:39).

The move to decentralised industrial relations was a result of claims that a centralised system of industrial relations was one of the major barriers to increasing productivity because the system was inflexible and rigid. As a result Enterprise Bargaining was developed, and promoted as one of the prescriptions in the micro-economic reform in the NSW public sector. This is a form of collective bargaining. The participants focus their attention on an enterprise's productivity, corresponding to increased employee incentives. Researchers e.g. (Directions in Government:1993:14-17) believe that the enterprise bargaining system may be a significant mechanism towards increasing productivity and efficiency in the NSW Public Sector.

"Enterprise Bargaining involves negotiations between an employer and its employees over wages and conditions of employment specific to a particular work environment (Ludeke & Swebeck:1992)".

Both management and workers and/or Unions through direct negotiation are seeking remedies to workplace problems that impede efficiency. They are also seeking to improve product quality and service, introducing flexibility in working arrangements, and all other necessary ingredients to achieving efficiency, and workplace productivity (Angwin & McLaughlin:1990:18).

The NSW government supported the principle of enterprise bargaining. The Directions in Government argued that enterprise bargaining would not only benefit the public but also the employees because it will allow changes in working conditions, such as penalty rates, flexible working hours, part-time work and other flexible arrangements.

During 1993-94 the NSW government allocated a total of \$240m towards salary budgets to departments and a further two per cent for each Department for 1994-95 and 1995-96 to encourage Departments to negotiate agreements. The government believed that the results of enterprise bargaining would generate significant improvements in services to the public (Halligan & Power:1992).

It further argued that the traditional industrial relations model of resolving conflict in the NSW public sector disregarded the needs and demands, that are unique, to each agency in the service. The perceived 'conflict' work environment was replaced with a more 'consensus' type of operation where teamwork was encouraged and highly valued (King:1994). This model aimed at direct dealing between the employer and employees to resolve their differences. The purpose was to give rise to strategies which would promote the enterprise as a consensus body. The basic element of the strategy was based on a recognition of a spirit of trust, honest consultation and mutual agreement between the major players in industrial relations. Attempts to gain the worker's commitment ranged from team building, worker participation schemes and an encouragement to see quality as a prime consideration in employees work and ethics. Traditional job boundaries were removed and workers were encouraged to work flexibly (Hilmer:1993).

This model became common practice in the Australian public sector, particularly during the late 1980's. The decentralised model of industrial relations was perceived as an opportunity for both the management and workers to seek an agreement which would be of mutual benefit. It also emphasised that one of the stringent requirements in developing enterprise bargaining (for the purpose of developing enterprise agreement) is the ability of both parties to justify the benefits in terms of increasing productivity prior to bargaining arrangements. The agencies will have to demonstrate the improvement of productivity for salary increases to be considered (Hilmer:1993).

Preiss (1994) argued that enterprise bargaining became an important instrument for Government Business Enterprises to improve productivity by enabling management and unions to sit down together to identify ways of improving efficiency, and at the same time enhancing their ability to meeting government policy. Preiss cited the Australian Defence Industries as an example. He claimed that prior to its establishment, defence production had drained approximately \$1 billion from the budget. The Australian Defence Industry has turned this performance around, making an operating profit in each year of its operation. Preiss claimed that this was due to enterprise bargaining. However, it was not explained how the productivity increase was generated.

The government also argued that the Departments and employees who do not enter into enterprise bargaining must rely on the award system without any variation to the salary. In addition, Chief Executives must be able to justify the lack of progress on productivity.

At the time of writing, studies on enterprise bargaining in the public sector have produced little evidence of its correlation with productivity. In fact, the outcome of the enterprise agreements in New South Wales public sector revealed that the stated outcomes of the enterprise agreement often did not materialise (Directions in Government:1993).

Coaldrake and Whitton (1996) argued that the enterprise bargaining principles have been introduced and implemented in the NSW public sector without serious consideration as to whether the principles which have been developed and employed in the private sector, are relevant to the notion of a public service. They cited Structural Efficiency Principles as a good example of where the public service has struggled to implement the wage fixing principles to public sector awards and conditions. It was forced to apply the principles despite their irrelevancy due to lack of options (Coaldrake & Whitton 1996).

Coaldrake & Whitton (1996) added that this particular scenario raises important questions as to the use of remuneration packaging to attract and retain experienced and competent public servants. It may well be that enterprise bargaining principles, that originated in the private sector might not be transferable to the public service.

Like any other organisation and agency, TAFE NSW was forced by the government to embrace a more decentralised system of industrial relations. The aim was to increase flexibility in order to enhance competitiveness in the open training market.

Increasing productivity became a key issue in the TAFE sector since its adoption of commercialisation. In 1993, the TAFE NSW successfully negotiated an

Enterprise Agreement covering 6000 teachers and other educational staff which was registered in December 1993, effective from 1 January 1994 to 1 September 1995. During this time joint working parties reviewed key issues arising from the agreement. Negotiations have continued for a further enterprise agreement covering all TAFE staff. The agreement was negotiated between the TAFE and the NSW Teachers Federation. This was a sign according to the management of a commitment to working together in an environment of increasing competition (Annual Report TAFE NSW:1993/1994-1994/1995).

The teaching and educational staff is the major instrument in the operation and delivery of TAFE services. During 1993, the TAFE Commission employed 12,000 full-time teaching and educational staff. The main role of TAFE is to provide professional and technical skills to a significant proportion of the post-school age group of students, and to meet the demand of industries by delivering customised courses (Annual Report TAFE NSW, 1993-1994).

It was argued that the agreement would provide more flexible working arrangements and working conditions for teaching and educational staff, enhance the staff career structure through professional development, simplified pay scales and leave conditions for this group of staff.

The TAFE believes that the staff will receive benefits from enterprise bargaining by means of more flexible working arrangements covering evening work, family care provisions and professional development. In addition, improved working conditions were traded for salary increases of 2%. The following is the blue print for the NSW TAFE in enterprise bargaining.

TAFE NSW Enterprise Bargaining model.

Single Bargaining Unit

The Unit consists of four representative unions:

- * NSW Federated Ironworkers Association
- * Federated Miscellaneous Workers Union
- * NSW Teachers Federation
- * Public Service Association of NSW

Enterprise Bargaining Joint Committee (EBJC)

The committee consists of:

- * the above four representative unions
- * four representatives of TAFE
- * one representative of the Labor Council of NSW

		EBJC			SHELL			
Direct education delivery		Direct support for direct education delivery		Indirect support for direct education delivery		State wide support for service delivery		Infrastruc ture support
TF		Various Unions		TF PSA		TF PSA		Various Unions

Source: Enterprise Bargaining and the TAFE NSW Commission Model, 1993.

Despite the move towards a decentralised system of enterprise bargaining in the TAFE sector, it remained highly centralised. It is interesting to note, that at the time of writing, after 4 years of enterprise bargaining, TAFE has just announced its first productivity gains. In the most recent TAFE annual report (1995-1996), it has

identified an amount of \$12.6 million in productivity increases in 1995-96. A further \$9.2 million, in 1996-1997, and \$5.2 million in 1997-98 are the projected achievements.

These productivity increases were generated as a result of abolishing 269 positions at the Central Support Unit and amalgamating DTEC and TAFE. This shows that TAFE has its own definition and interpretation on productivity increases. This also shows that there has been an emphasis on short term goal or 'quick fix' solutions rather than long term goals that hinder genuine productivity and efficiency in the TAFE system.

The move towards decentralisation at TAFE was occurring within a broader thrust of industrial relations reform. The NSW Industrial Relations Act of 1991 was introduced after the publication of the Niland Green Paper (1993). This widened the scope for enterprise bargaining. The Act stated that in order for the enterprise agreement to be valid, the parties to an enterprise agreement must consist of 65% per cent of workers, or a consultative committee. Although the role of the Union was recognised by the government, it claimed that if a Union chooses not to participate in the negotiations, the agreement is still valid for individuals. The tenure of the enterprise agreement is between one and three years. New South Wales agreements replaced awards handed down by the Industrial Commission, with the award only applying where conditions of employment are not set out in the enterprise agreement.

The introduction of the NSW Industrial Relations Act 1991, reduced the power of the Industrial Commission which had previously ascertained that the agreements be monitored and approved before their implementation in order to protect the public interest. The role of the Industrial Relations Commission, in assessing and approving enterprise agreements was removed and the power shifted to the Commissioner of

Enterprise Agreements to assess and approve all enterprise agreements. Although the Commissioner of Enterprise Agreements can monitor agreements to ensure that minimum standards are not contravened, there is little control over negotiated outcomes. Blain (1993) stated that the Act "laid down minimum conditions for enterprise agreements to satisfy the concern over wages, hours and sick leave. It prevented contracting out of other NSW statutory provisions such as annual leave, long service leave, redundancy and parental leave".

Blain also argued that lifting the restrictions on the Industrial Relations Act, particularly reducing the power of the Commission, enabled parties in Industrial Relations to pursue a variety of specific objectives. This facilitated and speeded up negotiations and removed barriers to negotiate issues that the parties were not able to cover before, due to restrictions in the Act (Blain:1993).

The first enterprise agreement was instigated by John Niland (1994) hoping that it would become a model for other government departments and agencies to follow. But the first enterprise agreement in the New South Wales public sector at the Environment Protection Authority revealed that the enterprise agreement did not work as expected.

A study conducted by the NSW Department of Industrial Relations, Employment, Training and Further Education (1993) questioned the quality of enterprise agreements in the NSW Public Sector. Issues on training, flexibility, multi-skilling, quality, and consultation were hardly addressed in the actual implementation of the agreements.

Conclusion

The traditional industrial relations system in the NSW public sector has undergone a major transformation. The decentralised employment system is the product of workplace bargaining. The transformation included emphasis on external recruitment, development of new job structures and pay for skills strategy, teamwork, consensus, introduction of non-standard employment, focussing on productivity and flexibility.

Despite the shift to a more decentralised system of industrial relations in the NSW public sector, the elements of the centralised system continued. The absence of business objectives, the complexity of the award, the inherent structure of the public sector, bureaucracy, and the lack of autonomy became the barriers to microeconomic reform.

It has been over 10 years now since the implementation of a more decentralised industrial relations system and yet the promised increased productivity is yet to be seen in the TAFE sector.

Chapter II Commercialisation in the Public Sector and the Implications for Industrial Relations.

Introduction

In Chapter 2 the reasons for the introduction of commercialisation and the implications this has had on industrial relations in the Public Sector will be discussed. It will be shown that commercialisation became an integral part of micro-economic reform as the means of increasing productivity and international competitiveness. The prospect of financial gain provided the incentive to the public sector to initiate a much broader public sector reform. This was done by moving away from traditional public administration to one that is more results oriented. New management practices were introduced, aligned with the importation of private sector practices believing that this is the way to efficiency and competitiveness.

The reform process of the public sector has to acknowledge its role, objectives and cultures that are different from the private sector. The implications of commercialisation on industrial relations in the Public Sector are significant.

This chapter will also summarise the threats and opportunities of commercialisation. The major opportunity of commercialisation is income generation, but the threats it poses cannot be ignored. Some of the threats are staff reductions, wider-acceptance of non-standard employment, temporary and casual work, narrow career paths, less promotion and training.

Commercialisation in the Public Sector

Commercialisation in the public sector has been one of the major micro-economic reforms in Australia which was implemented as a result of previous poor

economic performance. The trend towards commercialisation has been advocated as a move to restore national prosperity through increased productivity and international competitiveness. This trend is not only happening in Australia, but also in countries such as Britain, New Zealand, USA and other OECD countries.

The public sector has operated on a commercial basis for over one hundred years when public sector trading enterprises were established to operate the railways in New South Wales and Victoria. Banking, telegraphic and postal services were added to the commercial dimensions of the public sector (AGPS:1990:3).

Since the 1980's the drive to commercialise public sector services further has become intense. Commercialisation in the New South Wales public sector has become a significant part of microeconomic reform due to the prospect of financial gain for the state. The drive for commercialisation is an integral part of the government's broader public sector restructuring strategy which aims to increase Australia's economic performance and competitiveness (AGPS:1990:3).

The intensity of commercialisation can be traced back to the Labor government's rise to national power in 1983. At that time, Australia's economy was in crisis. There was a deterioration in terms of trade and the balance of payments. The subsequent devaluation of the Australian dollar highlighted the increasing foreign debt. The failure to return to conditions of the 'prosperous period' of the 1960's forced the government to look towards the application of alternative policies involving micro-economic reform. The government, and the major employer bodies, agreed that reform was urgently needed, not only in the private sector, but also in the public sector as well. Commercialisation thus became one of the public sector major-economic reforms. A decentralisation strategy as part of the micro-economic

reform of the NSW public sector was introduced to facilitate commercialisation in the 1980's. It was the commencement of moving away from the traditional public sector administration, which was viewed as bureaucratic, and changing to a more results oriented type of strategy, based on private sector practices. Managerialism or the "corporate" style of management was adopted as a means of improving public sector effectiveness and efficiency (Wood & Jones:1993:26-30).

Commercialisation became an important objective and became widely adopted in the public sector. The majority of government departments and authorities whether federal, state or local, now have commercial elements in their work activities. For example, the Australian Bureau of Statistics (ABS) began charging for all its publications and information from January 1988. The Department of Administrative Services, formed as part of the machinery of government changes in July 1987, increased the proportion of its cost by charging users for services from 5% to 55% (cited in Halligan:1992).

In July 1988 commercial fee scales were introduced for all authorities and departments, both Federal and State and towards the end of 1989, all departmental programs had instituted mechanisms to recover costs, and some government departments such as the Transport and Storage Group, the Department of Administrative Services, began operating in competition with the private sector. By July 1990, most programs were charged for a full-cost recovery basis for services while some, such as Transport and Storage, were operating as a self-funding business. On 1 March 1991, as a result of further restructuring, stemming from the commercialisation experience, the Transport and Storage Group was abolished and its business units became independent sub-programs (Halligan & Power:1992).

Commercialisation, is a term often associated with the transition of a department or agency to a user-pays or fee-for-service operation together with the implementation of new accounting and auditing arrangements (Halligan & Power, 1992). The public sector, as mentioned in the earlier section of this chapter, has always been involved in commercial operations which involved cost recovery and the marketing of the public sector activities as tradeable products (Botsman:1990:57). This is more than just a conversion of business or commercial units of agencies or departments in either the Commonwealth or State Sector into Government Business Enterprises. An Inquiry into Commercialisation in the Commonwealth Public Sector reported that there are four major forms of commercialised operations.

- * **Minor cost recovery and simple user charging.** These arrangements involve the collection from clients of at least part of the cost of providing particular goods or services.
- * **More Complex forms of user charging.** Examples of these are the arrangements whereby the Australian National Audit Office (ANAO) charges departments the full cost of financial statement audits, and a more developed form of user charging is employed. For example, the Australian Quarantine and Inspection Service (AQIS), which has introduced both full cost charging of external clients and uses a new financial and operational framework.
- * **Business units established in departments of state.** Although these enterprises operate within a department structure, they have management and operational systems more typically found in a privately owned business, and have a commercial approach to pricing and customer service. The most

developed business units have been established within the Commonwealth Department of Administrative Services.

- * **Government Business Enterprises.** These enterprises are separate Commonwealth legal entities operating in the open market and earning commercial rates of return. They can be public companies or statutory corporations/authorities.

The New South Wales public sector operates commercially both locally and overseas to obtain a significant return on public investment. Commercialisation became a common practice not only in Australia but also in most Western countries particularly in Britain in the 1980's when the Thatcher government introduced commercialisation in the public sector aiming to increase international competitiveness.

The process of commercialisation in the public sector and the way it should operate was viewed as being no different from the private sector (Hughes:1994). The management of the public sector was concerned with inputs without realising that efficiency, effectiveness and productivity may be obtained in the public sector differently from the private sector. Some of the practices in the private sector that were transferred to the Public Sector involved flatter organisation structures, greater devolution of authority, work re-design, multi-skilling and productivity (Gardner, & Palmer:1992). There are often constraints in importing the private sector's practices into the public sector. The objectives and the way the public sector operates is different from its private sector counterpart. Public sector activities often involve a wide range of competing and conflicting objectives frequently implemented on a short term basis. The inherent political environment in the public sector is an

element which acts as a barrier to executing objectives on a long-term basis. The need to maintain a balance between political accountability and managerial autonomy has been the central focus of the landscape for commercialisation.

The adoption of private sector techniques involves only a very narrow view of the management about the public sector role. The political environment in the public sector is often the key influence which structures the process of reform. This often fails to acknowledge the traditional role of the public sector. This does not mean a rejection of the potential for commercialisation in the public sector, but, requires due recognition of what are appropriate strategies that would suit its culture. Halligan & Power (1992) argued that the public sector ignored the importance of maintaining the special features "uniquely" belonging to the public sector when implementing public policy.

The highly centralised control in the government was one of the drawbacks to a successful commercial venture. This involved stringent control over inputs and processes, rather than outputs. The bureaucratic management structures limited the ability to respond to the market environment. This, in turn, decreased the public sector's ability to operate efficiently. The recognition of this by the government, the unions and management concerned about this barrier, led to the introduction of the management results approach as part of the new management practices in the public sector.

The process of commercialisation in the public sector has demanded new management practices . The corporate management approach was introduced and implemented in Australia based on the American experience. It was presumed that it was possible to implement a system transposed from one country to another

without alteration. It required management to become more knowledgeable about industrial relations in order to gain increased control of the workforce, win acceptance of change, and reduce organised conflict and individual resistance (Stedgwick:1994:344-347).

Accountability is an important feature of 'new managerialism'. Mellors (1993) described, in his case study of the Department of Administrative Services, the key changes in the following way. "The commercialisation in the Department sharpened management accountability for financial performance and service delivery. The introduction of full accrual accounting and financial reporting enabled the management to determine the return of public monies invested in commercial activities".

Writers such as McKinlay (1987) argued however, that the conflicting framework in the government structure has made it difficult to assess the efficiency of managing commercialisation in the public sector. Private organisations which engage in trading activities, are subject to a more objective framework for monitoring and accountability. In the public sector, personal agendas and personal ambitions are a major factor in decision making. In other words, in the public sector, inevitable clashes, created by competing agendas, are resolved as a result of political considerations rather than economic efficiency. Accountability is always a problem in the public sector due to the nature of the political system.

In the example of New Zealand, public service managers were given full responsibility to control budgets and staff, to enable them to be accountable for what was required of them. At the same time managers were required to define their targets in such a way that they would be responsible for the outcomes (Laking:1994).

The appointment of Senior Executive System officers in the NSW public service was a sign of departure from the traditional public personnel administration to a more sophisticated method, that was designed to improve administrative management and efficiency in the public sector. This is one of the consequences of commercialisation necessitating increased flexibility and changes in the control of labour (Hall:1987).

There are lessons to be learned from the existing reforms in the public sector. The consequences of these developments have important implications for industrial relations. Empirical evidence suggests that there has been loss of employment security, a significant drop in staff morale, loss of staff commitment and a dramatic change in the pattern of employment. There has also been an emphasis on cost cutting as opposed to greater effectiveness or quality of services. Lack of attention to long-term issues (e.g. staff morale & training) has put a barrier on achieving genuine effectiveness in commercialising the public sector. The lack of recognition of the political dimensions of public sector activity in terms of accountability, means the denial of promoting long term goals. As Castle (1991) argued 'cost cutting might work in a short-term but not in the long term'.

Aside from the above, there is also some difficulty in defining the productivity to reflect the commercial objectives of the government. Performance indicators have tended to be based on narrow definitions of easily measurable outcomes which neglect complex issues relating to the aims of the public sector activity.

Implications of Commercialisation on Industrial Relations

This section will discuss the stated advantages and disadvantages of commercialisation in relation to industrial relations outcomes. Empirical evidence shows that there are gains from commercialisation. One major advantage of commercialisation is that it has brought tangible returns to the government in terms of income. The Department of Administrative Services commercial business units has reported generating \$46.7m profit during 1990-1991 (Tanzer:1993). Productivity improvements of 5% to 6% were obtained each year since 1987. Improvements in service delivery was also recorded by customers who saw a dramatic change in service delivery. DAS staff became more subjected to self-discipline as a result of commercialisation (Clarke:1995).

The need to be multi-skilled has become a necessity for every employee in order to be able to perform a variety of tasks in the new commercial environment. The public sector is required by management policies to pay attention to employees skills. Whilst there are gains from commercialisation in the public sector, the threats it poses cannot be ignored.

The literature review revealed that the process of commercialisation in the public sector has some negative outcomes. It shows that it not only intensifies the polarisation of employment security in the NSW public sector but it also adds legitimacy to the pressure for non-standard employment and jeopardises the opportunity of workers for career advancement. According to its critics, commercialisation reflects an element of forced labour deployment coupled with the opportunity of the employer to use the improved bargaining power of the employers in a depressed labour market (Burgess & Campbell:1993).

The threat to employment security is one of the major disadvantages that has occurred in the patterns of employment since the expansion of commercialisation. During the past decade, the conventions of permanency and stability have been swept away by the desire for greater flexibility in order to be competitive.

The public sector which previously served as a 'pace setter' for the private sector in terms of better working conditions for many years, is no longer immune from the loss of employment through restructuring and 'belt- tightening'. The commonly held belief 'that once employed by the Public Service, it is employment for life', no longer exists (McCallum & et al:1994).

There is evidence to suggest that the process of commercialisation has led to staff reduction in the public sector due to the streamlining of the organisation. Table 1 shows the level of staff reduction in the Civil Aviation Authority, the Department of Administrative Services, the Federal Airports Corporation and the Legal Practices. Labour shedding became a common practice across all sectors (both private and public sectors) in order to save on labour costs and from the pressure on senior executives to demonstrate increases in productivity.

Table A1 Staff reduction in Australian Defence Industries Limited

Year	Staff	
	CAA	Numbers DAS
1989-1990	7332	12012
1990-1991	7008	10802
1991-1992	5757	9649
1992-1993	4992	7445
Total		
Reduction	2340	4567
Percentage		
Reduction	31.1%	38.02%

Source: JCPA:1995. p. 225.

The Australian Defence Industries Ltd has cut down on a significant number of staff since its incorporation as a public company in 1989. Its Annual Report (1993) showed the total numbers in 1989-90 were approximately 6700 compared with around 4700 in 1992-93 (JCPA:1995).

Table A2 Retrenchments in the Departments of Administrative Services and Defence which were directly attributable to commercialisation.

Year	Staff Numbers	
	DAS	Defence
1991-1992	767	n/a
1992-1993	652	26
1993-1994	837	423
1994-1995	328	20

Source: JCPA:1995, p. 225.

The retrenchments in the Department of Administrative Services and Defence which were directly attributable to commercialisation are notable, particularly during 1993-1994. The period of transition to a new workplace culture is often painful for staff because of the uncertainties for the future. In many circumstances this creates suspicion for both parties (staff and employer), particularly when the process of reform is not spelt out properly. Lack of communication and management support often leads to low staff morale.

The reliance by business and the public sector upon part-time and casual employment has increased dramatically since commercialisation. The growth in part-time/casual work and independent contractors is attributed to a deliberate policy by employers to reduce labour costs and increase flexibility in the use of labour.

The relative growth of casual and part-time employment between August 1990 and 1992 has affected the level of full-time employment. Over this period of time, the number of full-time jobs declined by around 350,000, while the number of unemployed increased to around 320,000. Although, there are other reasons for the growth of the part-time/casual employment, such as the growth of the service sector, recession, and a high level of unemployment, empirical evidence suggests that there has been a growing intensity of part-time employment across the public sector since commercialisation began (Burgess & Campbell:1993).

It was argued that labour flexibility enhanced the labour market adaptability to market signals. As the labour market and production systems became more flexible and adaptable, part-time and casual employment continued to grow in the NSW Public Sector. The growth of part-time employment implies inequality in the workforce. While there have been instances where part-time employment has been regularised and accorded pro-rata award conditions with full-time employment, the majority of part-timers are more likely to be employed under casual conditions. This means, part-time workers are more likely to be employed in low paying, unskilled occupations with little opportunity to develop a career path and most of the time are not protected by a Union. It is interesting to note that part-time and casual employment is largely found among female employees (Burgess & Campbell:1993).

During 1993, of the 47% of female employees in the NSW public sector, 18% worked part-time. This coincides with the international trends towards insecure employment, labour market segmentation and the growth of employees on a casual/temporary, part-time and contract basis (Burgess & Campbell:1993). Even in the areas that might be thought exempt from these systems such as the Universities

and Colleges, casual and part-time teaching employment became a common trend. At TAFE for example, TAFE management has been successful in implementing the flexibility it wanted by casualising TAFE teaching. In TAFE NSW, 51% of the total teaching effort was performed by casual or hourly paid staff in 1993 and, most of these were women (cited in Peoples:1995).

It is important to note that there is evidence of dissatisfaction with working part-time. There are part-time employees who would be glad to have the opportunity to work full-time but the opportunity is not there for them (Lydall:1995). As shown in Table 2, the number of part-time workers actively looking for full-time work almost doubled from 1990 to 1992. This is clear evidence that some components of the part-time employment growth were involuntary (Burgess & Campbell:1993).

Table A3 Part-time Workers Preferring to Work More Hours and
Searching for Full-time Work.

	1990	1992
Preferred More Hours		
Total	311	513
Married Females	115	168
Unmarried Females	95	149
All Females	210	317
20-24	28	57
25-34	51	67
Males	100	196
20-24	19	41
25-34	15	35
Actively Looking for Full-Time Work		
Total		
Males	112	200
Females	50	98
	62	102
% of all part-time workers	6.7	10.7

Source: Australian Bureau of Statistics, Labour Force
(Cat. 6203.0).

Alison William's recent survey on 'Female Temporary Office Workers' revealed that different organisations, (both private and public) are seeing benefits in using contract, casual/temporary and part-time labour more often than in the past because it gives organisations greater 'flexibility' (Williams:1994:243:245). Williams argued that in most circumstances women chose to engage in casual or part-time employment in order to adjust their working hours to the demand of their family responsibilities. Often, these women are faced not only with the pressure of family responsibilities but also financial responsibilities. With not much option, they are

prepared to accept the disadvantages of temporary work such as lower pay, lack of career prospects and little or no benefits at all (Williams:1994:244).

The extension of commercialisation in the NSW public sector required the introduction of new employment arrangements. These new employment arrangements affect the nature of career paths and progression as well as the quality of the working life of employees.

The movement towards broader classification groupings covering very substantial areas of work is the outcome of the emphasis for smaller and more homogenous groups. This concept is called Award Restructuring. This is normally done in such a way that an employee could be skilled in a large number of related fields. It also involves breaking away from the traditional vertical promotional ladders. New classifications should encourage horizontal promotion as it allows for a broader range of functions and responsibilities to be performed by the employees (Curtain:1992).

It was understood that the concept of Award Restructuring should lead to clearly defined career paths being constructed and that these should be followed to their conclusion. For example, the restructuring of classifications for office-based work in 1987 represented the largest restructuring exercise undertaken in the Australian Public Service. It affected over 110,000 staff, some two-thirds of all permanent staff in the APS. It involved changing 93 separate classification categories into eight levels in new Administrative Service Officer structure (Selby Smith:1993).

Selby Smith (1991) also argued that the new classification of Australian Public Servants promised a more challenging and interesting career because the broader classification that has been introduced was based heavily on the principle of multi-

skilling. Unfortunately, broadbanding of a number of occupations that are vaguely similar was not always successful from the workers' point of view. A very good example is a 'Clerks' position.

A case study on the Restructuring of the Public Service - by Sue Whyte in 1992 revealed that while the reclassification of Data Entry positions brought some positive results particularly for typists, word processing operators, secretaries, clerical assistants, library officers, and others, there were employees such as 'Clerks' who were not satisfied with the outcome of the broadbanding. Some of the clerk officers see the reclassification of the positions, as a step backwards because of the 'menial' tasks that have been integrated into their duties, like keyboarding for instance. While the keyboarding officers see a bright future from broadbanding the positions such as improved occupational health and safety, the opportunity to gain more skills through the performing of a variety of tasks and the opportunity to compete for positions that were only available to clerks prior to restructuring, the broadbanding of positions did not bring much benefit to the clerk officers (Whyte:1992).

The lack of research on the outcome of new career structure in the public sector made it hard to make a general conclusion on its success. The benefits of broad classification through multi-skilling largely depends on how this principle is to be implemented. If the principle could be applied, in order to make changes to the way people worked, and relate with each other, then the system would be a success, otherwise, the system would just be another 'shallow exercise' as Macken (1989) put it.

The success of multi-skilling requires investment and provision for training. The low rates of participation of women in training is a cause of major concern by

the Equal Employment Opportunity promoters. Females are more likely than males to undertake training related to customer service, clerical, sales and personal service and general computing. Few women are represented in management and professional training and while 76% of men in this area received an income above \$70,000 pa, 57% of women received an income of less than \$50,000 (George:1992). In the Australian Public Sector 47% of employees are women but only 15 per cent belong to Senior Executive positions. The performance pay system that was introduced in 1992 (aligned with productivity improvements) further disadvantaged women in the Australian Public Service. The performance pay system is restricted to Senior Executive and Senior Officers in the public service, making up 10% of the workforce, although 90% of the workforce contributes to much of the improved performance of senior officers. The gender outcome of the performance pay is obvious. The system is an indirect bias against women because most work below senior level grades and therefore do not qualify for performance pay (Directions in Government:1994). As Stedgwick (1994) said, this difference still mirrored the traditionally sex differences in employment by occupation despite major labour market reforms and the promised gains from commercialisation. T h e downsizing of the public sector, has a significant impact on worker's career opportunities and other working conditions. The push for career advancement for workers is happening at a time when the structure of the workforce seems to be unbalanced. It has devolved into a small percentage of employees enjoying a well paid job and a large number of employees in poorly paid ones. Lack of access to training and downsizing in the Public Sector has severely curtailed promotional opportunities for workers, especially for women (Bennett:1994:199:200).

There has been little exposure of labour microeconomic reform to the issues of gender as far as the literature is concerned. Although an enormous number of papers have been written about the impact of commercialisation on workers, the literature still fails to give any explanation as to how this problem is being addressed and the options available for women in the public service in the current climate. Even Baker (1994), Burton (1993), & George (1993) who all did extensive studies on women in the workforce in the Australian Public Sector failed to find a remedy for the gender inequality in the workplace. This problem tends to exacerbate as the pressure to be more competitive becomes more intense.

Considering that a large percentage of female employees are at the lower end of the occupational scale in the public sector, it is likely that for females, the promise of a career path and progression under the era of commercialisation might not materialise in the new industrial relations environment. As Claire Burton (1993) argued that the progress made already by women and their unions in the workplace might be eroded if provisions of equity for women such as access to training is not made accessible.

At TAFE, multi-skilling seems to be limited only to those people who are in higher grades, e.g. line supervisors. Employees who are in lower classifications like clerical officers, switchboard operators, technical officers, and mail officers are hardly given the opportunity to enhance their skills through job rotation and training. Although the importance of rotating employees from one section to the other is stated, the implementation of this principle depends largely on the discretion of the Supervisor. Some supervisors are reluctant to rotate their employees due to the disruption it may cause to the operation of the section, (e.g. interruptions to the work

routine and because of the need to train a new person to perform the duties. (To illustrate this further, each section of the Department performs certain tasks). For instance, staff who are working in the employee services section specialise in processing personnel matters while staff working in the Accounts section are more specialised on financial matters. It is not really in the best interest of the section for an employee who is permanently located to be rotated to a section that performs totally different tasks.

It is difficult to make a judgement on the benefit of multi-skilling not only on workers, but also on the public, due to the lack of investigation in this particular area. One common criticism about multiskilling through job rotation is the lack of accountability by workers, knowing that they will be rotated to another job in the near future. Job rotation means moving employees from one section of the Department to another in order to gain extra skills. Again, lack of empirical evidence of any benefits to new career structures, make it impossible to come to any conclusion about its success.

Lack of investment in training is an area that needs to be investigated. The investment in training is even more significant during the transition of the organisation to a new culture.

Alongside the need for labour flexibility is the need for investment in training. The 1990 ABS survey of Employer Training Expenditures revealed that Australia lags behind other OECD countries when it comes to provision for training. The survey estimated that investment on training in Australia represented 0.8% of GDP in 1980 compared with 1.9% in Japan and 2.1 per cent in West Germany (Baker:1994:356:362).

Baker (1994) further argued that the under-investment in training in Australia has something to do with the previous nature of the industrial relations framework, with its various restrictive awards, binding minimum wages and craft-based unionism as well as the centralised nature of wage determination.

Although it is easy to blame the industrial relations system for the lack of provision of training, employer attitudes towards training is also an important reason. Employers often see training as an expenditure and would therefore avoid this if possible. This strategy might be beneficial in the short-term but not in the long term because the Australian labour market will become less capable of meeting the challenge posed by the commercialisation strategy as part of micro-economic reform.

In the Public Service Unions' view, staff shedding in the context of commercialisation had reduced the availability of expertise and the ability to give policy advice to the government. Both employers and the Australian Council Trade Union (George:1992) have publicly acknowledged that labour flexibility through multi-skilling, job and task rotation, and training is one of the solutions to the problem of poor productivity in the public sector. The drive for commercialisation has led to the government introducing measures to reach its aims. Labour flexibility was introduced by restructuring the award in order to enhance the ability of the employers to utilise labour over a larger variety of functions within the organisation.

The push for labour flexibility stems from broad economic pressures and also from free market ideas which are critical of government intervention in the economy and those institutions and organisations that free marketers believe impede efficiency, e.g. the trade unions. Labour flexibility also fits within the context of

government managerial competence and trade union leadership promoting the benefits of corporate consensus (Burgess & Macdonald:1991).

Critics of public sector restructuring have suggested that a labour flexibility agenda should be injected into every department and authority due to a commonly held belief that public servants have inflexible attitudes. It was further argued that poor productivity in the public sector was associated with inflexible work practices, trade unions, industrial awards, and 'big' government. This belief was reinforced by the media and, well supported by the employers association (Campbell:1993).

The drive for labour flexibility in the public sector was legitimised by the threats of competition not only domestically but also overseas. Along with labour flexibility was the promise of a new regime of career structure and progression, much better wages, and employee benefits (MAB-MIAC:1992).

As Burgess and Macdonald (1991) argued, labour flexibility was perceived within a very narrow view particularly by the employers. There is a substantial body of literature both in Australia and overseas but it does not really provide comprehensive details on what labour flexibility really entails and its expected outcome. This is evident in the way labour flexibility is interpreted and implemented in different workplaces. For example, the most recent case study by Michael O'Donnell (1995) of the management of two parks (Jarrah and Karri Parks) revealed the contradiction and inconsistencies of the implementation of new enterprise agreements on labour flexibility. Management of these two Parks claimed that they are introducing multi-skilling as part of the enterprise agreement but the implementations highlight contradictions in both work relations and employment. Contradictions are evident in an inconsistent approach by management regarding

training. Very minimal training and career path progression exists for the horticultural workers due to inconsistencies of criteria used in assessing applications for further training (O'Donnell:1995).

At the Karri Park in particular, the enterprise agreement indicated an extensive range of duties for horticultural labourers. O'Donnell doubted the genuineness of the content of the enterprise agreement. He argued that garden labourers' tasks are limited to paper stabbing and litter collection. The introduction of technology, for example mechanised mowers, has further reduced the range of tasks that the workers perform, while the devolution of responsibilities to line managers has increased the level of direct control formally exercised by supervisors to leading hand workers (O'Donnell:1995).

A case study by Corderry & et al (1992) regarding Multi-skilling in Practice: Lessons from a Minerals Processing Firm, showed a bleak future for multi-skilling. The Mineral Processing Firm is a multinational company which adopted a multi-skilling strategy in order to enhance its efficiency through its multi-skilled workforce. The multi-skilling programme was conducted through task rotation, and specific training modules. An assessment by means of a written test was also required, this was administered by the supervisor (Corderry & et al:1992).

Pay for skills was applicable upon accumulation of so many hundred points (approximately 400pts for Level Two, Processing Operator). A 3% pay increase was offered for every increase in the broad band position. Although participation in multi-skilling was voluntary, it was agreed that a person wishing to operate, for example at Level One, would be required to rotate between tasks on operating areas, to enable others to gain the necessary skills (Corderry & et al:1992).

While multi-skilling is seen by some as a departure from Taylorist management traditions, many see it simply as a management strategy for the more effective deployment of labour with few substantial changes in job content. This is exactly the perception of most of the employees in this case study (Corderry & et al:1992). Some of the employees expressed concern about the emphasis by the employer on salary payment. Employees also expressed disappointment with the types of skills acquired, which were mainly in the semi-skilled domain, and basic maintenance tasks. These were primarily low level skills, and used only infrequently (Corderry & et al:1992).

Access to training in certain skills became restricted as time progressed. Once a number of staff had acquired the training and skills, others reported having difficulties in accessing a course.

Labour flexibility, multi-skilling, job rotation, career paths and progression are supposed to involve productivity. Like labour flexibility, productivity is just one of the workplace terminologies that parties interpret in different ways. Recent studies claimed that labour and workplace reform contributed to an increase in productivity. This claim is supported as true in several New South Wales Departments and Authorities that operate on a commercial basis. For example, the Workcover Authority in New South Wales claims that it has increased its productivity by 8.5% since the introduction of enterprise agreement, (Annual Report:1993) and Pacific Powers' in New South Wales raised its productivity by 30% since it has restructuring (Forsyth:1994). The Civil Aviation Authority in New South Wales claimed that since its workplace reform, it had improved its operations which led to an increase in productivity. Lack of investigation on how the productivity was achieved made it

difficult to determine whether this was due to labour reforms or retrenchments. It is possible that cutting on labour costs and retrenchments might have contributed in increasing the productivity. Civil Aviation, for example, claims that they predicted a saving of up to \$248,400 during the fiscal year, 1 July 1992 to June 1993 by reducing the number of employees in Administrative support and it further saved \$600,000 through cost-effective rosters (Plowman:1994).

Stedgwick (1994) claimed that productivity had increased in the Australian Public Sector as a result of labour and workplace reform. It was estimated that an increase of 2.5% was achieved in the period of 1987-1988 to 1991-1992. The reforms have also improved the delivery of services that benefit 72% of the individuals who made contact with Australian Public Service agencies. Stedgwick did not offer any explanation of how this was achieved.

The Economic Planning and Advisory Council (cited in Forsyth:1994) estimated in its latest survey regarding the scope for gains in productivity across the economy, ranged from 7.7% to 10.4% of the GDP. The Department of Finance estimated that in the three years to 1989-1990, labour productivity in the Australian Public Service increased by 3%. Pressures for productivity improvement are likely to come from linking of wages to productivity.

Forsyth argued that one way of measuring labour productivity is to compare Australia with other countries with similar economic structures, for example, Canada. Canada increased its productivity by 20%, and therefore, he argued that Australia could emulate the Canadian strategies.

It is unwise to compare the growth of one country to another and expect that it can be duplicated just because as in the example of Australia and Canada they

have similar economic structures. The author failed to consider that there are many factors for the economic growth of a particular country. He failed to provide an explanation of these differences in the literature.

There has been a devolution of authority to the line managers that affects the way the classification system operates throughout the Australian Public Sector (Selby Smith:1993). The devolution of authority has occurred from central agencies to operating departments and agencies. Selby Smith argued that this creates tensions and conflict between the operating autonomy and central control of standards and procedures reflecting similar tensions between central agencies and operating departments .

Conclusion

This chapter has described the developments of extending commercialisation in the Australian Public Sectors and it is obvious that it is experiencing major restructuring that problems because of it. Major micro-economic reform in the public sector has been evolving since Labor came into power in 1983.

The chapter also described the problems of implementing commercialisation in the public sector. It was argued that the inherent political agenda in the public sector put pressure on management to introduce a set of objectives focussing solely on a short-term basis.

The second half of the chapter discussed the impact of commercialisation on Industrial Relations, particularly on labour. It was argued that since the extension of commercialisation, employers have reduced labour, introduced non-standard employment, reduced the opportunity for workers for career advancement and employment security.

The next chapter will concentrate on one area of the New South Wales public sector namely TAFE and analyse its development and examine the role of commercialisation in restructuring its operation.

Introduction

This chapter traces the history of TAFE NSW over the past 100 years. The first TAFE College was established in 1833, then followed the development of 76 technical colleges in 1880, these colleges concentrated in offering practical oriented courses. Despite the potential for widening the scope of awards in Colleges as the 1964 Martin Review recommended, it was not until the 1960's that the government allowed TAFE to offer Diploma courses. By 1982, TAFE enrolment had increased dramatically to a total of 59,689 students compared with 14,011 in 1960.

The demand for vocational education and training expanded, so that in 1974, TAFE broadened its services by offering courses in adult education. The 1974 Kangan Report emphasised the opening of opportunities not only for the individual student but it also recognised the importance of catering for the needs of industry. This Report became the lever for change and growth. It was instrumental in securing additional funding from the government to improve the physical facilities of TAFE campuses, the professional development of teachers and also to improve support services for students such as, counselling and libraries.

In 1978, the tertiary education system was reorganised by the amalgamation of a number of higher education institutions. This was to reduce duplication of services offered by the proliferation of tertiary institutions such as Teachers College and Institutes of Education and insufficient resource to fund changes. However, TAFE NSW remained operating as a centralised system, which was perceived as a

resource catering for the needs of a particular level of students as well as teachers during this time.

In order for TAFE to meet the growing needs of the industry, under the Structural Efficiency Principles and Award Restructuring, TAFE in the 1980's instigated workplace reforms. These reforms put extreme pressure on TAFE to deliver quality vocational education. The Vocational Education and Training was expected to provide a broad range of skills and be flexible in the delivery of its services. TAFE NSW was criticised by employers claiming that TAFE was unable to meet the challenge of industry. This perception is in contrast to the perception of individual students who view TAFE as an ideal alternative in pursuing a career. In order to improve the TAFE operation, the Scott Review was commissioned in 1989. It recommended a drastic restructuring and decentralisation of the TAFE system.

Decentralisation was viewed as one of the best possible ways to bring the organisation close to the people it serviced. The Scott review also believed that the restructuring of TAFE NSW would open up financial opportunities. It made a prediction that by the year 1998, TAFE would be 50% self-funding.

TAFE NSW has adopted most of Scott's recommendations and, in fact, its influences are still reflected today. TAFE has decentralised and commercialised its operations. TAFE did not only look for its opportunities within Australia but also overseas for commercial gain.

In 1993-94 TAFE's commercial activities had begun to flourish so that the income generated from them, supplemented the budget and provided resources that the government is no longer able to provide. TAFE was told that it needed to compete, otherwise it would perish. TAFE achieved some financial gain that

encouraged the government to respond by further restructuring the whole of the TAFE system. Labour market reforms became an integral part of its restructuring particularly in catering for the needs and demands of industries.

In 1995, the Change Management Review Team was created to investigate the appropriateness of TAFE operation, structure and administration. Cost cutting became the key in restructuring. The team recommended a reduction of 269 staff positions. It argued that this was the best way to save 5,000 places for students. Aligned with its recommendation was the amalgamation of DTEC and TAFE to further reduce costs.

The push for restructuring, specifically the commercialisation aspect, has been resisted by the Teachers Federation and the Public Service Association. The Teachers Federation (covering teachers and educational support staff), and the Public Service Association (covering the administrative staff) two strong unions, have argued that the whole basis of restructuring is to achieve 'commercialisation' in order to increase TAFE competitiveness in the open training market.

Recent developments at TAFE have focussed on the further search for better ways of performing tasks and teaching. The Government believes that putting TAFE into the open training market, in line with National Competition Policy would make TAFE more efficient and competitive.

While TAFE is heading towards yet another new direction, there are questions left unanswered. These all have major impacts on industrial relations and specifically on labour relations. They have produced confusion, resentment, loss of staff commitment and poor morale, employment insecurity, loss of employment amongst those who have been the backbone for TAFE's success in the past.

History of TAFE and The Recent Restructuring

The TAFE's NSW evolution has spanned over 100 years and has seen stages of changes in its ideology, structure, provision and administration. TAFE NSW became the largest provider of post-school vocational education and training in Australia. TAFE sector plays an important role in catering and improving the quality of skills in the New South Wales workforce.

It was founded in 1833 based on the British model of technical and further education. The first technical education school was established in Sydney which is now called the Sydney Institute. It was then called the Sydney Mechanics School of Arts. The economic and population growth in 1840 led to a demand for a more skilled workforce. This resulted in the development and foundation of other technical schools throughout Australia (Cobb:1993).

In 1878, the Mechanics School of Arts was taken over by a Board of Directors and became the headquarters for the state system of technical education (NSW Department of Technical and Further Education:1983). By 1880, New South Wales had developed 76 technical colleges and in 1889 a technical education branch was established within the Department of Public Instruction. This led to the growth of technical education in NSW becoming the most diverse sector of post secondary education in Australia. The expansion of technical education attracted grants from the government. By 1860, there was great concern about the vocational and technical education 'falling behind' other western countries e.g. United States and Europe when it came to industrial efficiency. It was also during this period when concern for social values and democracy were spreading. Evening classes were introduced to accommodate more young employed males. A series of mechanical engineering

courses were introduced at the Sydney School of Arts Mechanics (Neill:1991). By this time, 30 casual teachers and 14 assistant teachers were employed in the metropolitan area and 16 teachers and 2 assistant teachers in non-metropolitan areas. By 1900, technical colleges had been established in all major cities (Lundberg:1994:3).

The traditional role of technical education did not go unchallenged. The increasing urbanisation in New South Wales in 1913, the growing number of workers in the manufacturing industry, and the growing criticism on the standard and quality of apprenticeship training led to reforms in technical education. The reforms were supported by the employers, union and the government. Apprenticeship and supplementary training became part of the reform. The changes were welcomed by the unions, and employers (New South Wales Department of Technical and Further Education:1983:40).

The technical education branch remained within the education department until a separate department was created in 1949. TAFE NSW developed a more centralised approach of a state-wide system while Victoria TAFE adopted a more decentralised mixed system, consisting of colleges under the state education department (Neill:1991).

1964 Martin Report

The major development of TAFE came about after the release of the 1964 Martin Report to establish Commonwealth Tertiary Education Colleges in New South Wales. The report recommended the establishment of the Institute Colleges which oversaw the eleven technical colleges in New South Wales. The government recommended widening the scope of awards offered (e.g. teaching) in Colleges to

cater for a wider range of people but this did not materialise. TAFE has concentrated on delivering practically oriented courses. The NSW University of Technology continued to conduct Diploma courses after TAFE transferred all the Diploma courses to the University of Technology Sydney in the 1950's but it did not concentrate on the development of technical courses until the 1960's. By then, there were 14,011 students enrolled in technical courses and by 1982, the number has increased to 59,689. It was another 10 years before the technical colleges were allowed to conduct Diploma courses in response to demands from professional associations (New South Wales Department of Technical and Further Education:1983).

1974 Kangan Report

TAFE continued to search for a better way of delivering its services in order to maintain its presence. The 1974 Kangan Report was created to look at the TAFE operation. The Kangan Report questioned the operation of TAFE and made four recommendations based on its investigation. It recommended broadening the scope of services of TAFE by offering courses in 'adult education'. The report believed that the major objective of TAFE should be the betterment and development of individual people and their contribution to the development of the community; that adults should have unrestricted access to education. In addition, the Kangan report emphasised the betterment of the individual and the provision of opportunities to meet their wide-ranging needs, it also recognised the importance of catering for the needs of industry (King:1994:20-23).

As a consequence of the Kangan Report, particularly as it describes the role of TAFE as one providing a clear and coherent vision for the future, the federal

government was provided with the rationale for investing in the areas that had been neglected in the past. The Kangan report was welcomed by the Unions and Management and became the lever for change and growth. The federal government increased funding on capital grants in order to improve physical facilities and professional advancement of teachers. There was also a General Purpose Recurrent Grant (requiring specific approval of the Commonwealth Minister, Special Project Grants) mainly relating to improving student services such as counselling and libraries, and a small number of other grants (Neill:1991).

The Kangan Report provided greater impetus for the development of TAFE Colleges. The Kangan report described TAFE as part of tertiary education offering a wide range of post secondary education as well as remedial and personal enrichment programmes. TAFE had gained its recognition through the wide range of services it was offering to the students and industry. After the Kangan Report of 1974, TAFE was given a higher status and became widely recognised within the vocational education sector (Chappell, et al:1994). The Kangan Report also recommended that TAFE become a separate entity and be re-named as a Commission. A TAFE NSW Commission was established based on the model of Commissions responsible for advising the Federal Government on funding for Universities, and Colleges of Advanced Education. The Federal government also took greater interest in vocational education and this was reinforced after 1983. As a result of the Kangan Report, TAFE funding increased dramatically. Prior to the Kangan Report, there was a shortage of funding that forced the colleges to run the courses below the standard. The Federal government played a limited and negligible role towards the vocational education and training. It believed that the

New South Wales vocational education and training system was a state responsibility (Lundberg:1995:3).

Since the 1974 Kangan Report, the role of TAFE has changed. In 1978, the Committee of inquiry into Post-Secondary Education in Victoria recommended amalgamation of a number of higher education institutions including Universities and Vocational Education and Training System. The number of post-educational institutions were reduced due to insufficient resources. The Committee also considered that there was a duplication of services offered by different institutions. However, the Committee believed that the teachers and staff were better-off in a centralised system because it could offer employment security. TAFE NSW remained under the Education Department which was mainly responsible for administration and delivery of TAFE courses, but the Victorian Post School Education Commission remained responsible for policy, planning and budgeting in that State (Shears:1985).

The separate TAFE NSW Board was established in July 1980 which made a recommendation to the Minister of Education, Employment and Training that the TAFE administration should be separate from the Education Department and a separate budget was also prepared (Neill:1991).

1980

In the late 1980's, the TAFE NSW re-evaluated its practices and operations to improve the quality of service for its immediate clientele. The pressure for quality vocational education and training for individuals and industries did not only come from the government, and the public, but also from the unions. The need for a more skilled workforce associated with workplace reforms such as Structural Efficiency

Principles, and Award Restructuring had an overall impact on the demand for vocational education and training in Australia. It is important to note that the pressure was not only happening at the TAFE sector but across the board as part of the Federal and State governments' micro-economic reform.

Vocational education and training was expected to provide skill-related career paths for employees across all industry. TAFE was also expected to provide a broad range of skills and be flexible in the delivery of its services. For example, teachers are expected to conduct training programs at industry sites and training centres.

On several occasions, TAFE has been criticised for its rigid and minimal involvement in the restructuring process of industries. Studies of major industries in Australia, provided some insights on the role of vocational education and training at the present time. This role has an impact on TAFE workforce and the way services are delivered. PRINTCO for instance, claimed that TAFE did not possess the skills to make a significant contribution in activities such as task analysis and devising the training programs to support the award restructuring agreements. Therefore, it has to turn to private providers in order to carry out these activities. In addition, the PRINTCO management voiced a number of concerns about TAFE provisions: (Hayton & Loveder:1992) (This concern does not mirror the feeling of other clients at TAFE).

- * Unwillingness to devise training packages tailored to the exact needs of the client, preferring instead to offer 'off the shelf' solutions which may not suit the client.
- * The local TAFE NSW campuses could not always offer the necessary programs. Therefore, students who require the more advanced program had to go far a field to find the necessary training.

- * Schedules were too inflexible for employers on some occasions. For instance, the classic day release pattern of apprentice training, has involved clashes with planned maintenance days at the mill, resulting in trainees losing a substantial number of opportunities for on-the-job training. Other instances would include the lack of services provided over the Christmas break in January when employers require urgent training for their staff.
- * A lack of consistency between the State systems. Although colleges on both sides of the border (Victoria/NSW/Queensland) may have offered the same training, specific programs often differ in title and content causing confusion for employers attempting to assess the relative merits of different offering.

The TAFE system was viewed by employers as less flexible and less responsive to the needs of employees and employers. Employers claimed that despite TAFE's many market opportunities for its unique services, the TAFE NSW system was unable to meet the challenge of industry, particularly in its approach to pricing of training programs and marketing its services to the employer as well as maintaining its relevance to employers (Hayton & Loveder:1992).

At Perry Engineering Pty Ltd, the management held the view that TAFE training was inadequate and frequently inappropriate to the training needs of the organisation. The management claimed that TAFE programs were not addressing the fundamental requirements of the metal industries due to deficiencies in course design, machinery and suitably trained staff (Hayton & Loveder:1992).

There was also a problem of lack of consistent modules and this was viewed as crucial to the success of award restructuring. Lack of communication between TAFE and Perry Engineering Pty Ltd caused frustration due to a lack of

understanding on what should be included in the module and what standards were to be adopted. The management at Perry believed that training needed to be delivered at the "shop-floor" rather than that at the College, because they claimed industry has the latest equipment and facilities available for advanced-level training. TAFE NSW was also recommended to look at the flexibility and timing of the delivery of its services (Hayton & Loveder:1992).

The management of local industries argued that they had offered TAFE a variety of opportunities to expand the demand for vocational education and training. The long term association of TAFE with these industries, mainly through its trade apprenticeship programs gave TAFE an opportunity to provide much of the anticipated large increase in post-initial vocational education and training and much of this would involve fee-for-service programs. Perry management made it clear that the organisation would consider the private training providers if TAFE NSW could not provide what it needed. Alcoa of Australia shared the same concerns regarding TAFE provision. The company saw the need to respond flexibly and rapidly to the training needs of industries/enterprises undergoing restructuring (Hayton & Loveder:1992).

The criticism of industries towards TAFE services and provision is in contrast with the perception of individual students who view TAFE as an ideal alternative in pursuing a career. The 1995 Report on Government Service Provision reported that based on a 1993 survey conducted by the National Centre for Vocational Education Research (NCVER), indicated that about 85 per cent of graduates in each State or Territory were satisfied with their Technical and Further Education (TAFE) course. About 70 per cent of graduates were in paid work six months after the course was

completed and, of those employed, 45 per cent said that their main job was related to the course (Steering Committee for the Review of Commonwealth/State Service Provision:1995). The Australian Bureau of Statistics revealed that out of 64,703 TAFE graduates in 1994, 73% of graduates were in employment. Of these, 70% were in full-time employment and 3% were in part-time employment (ABS:1995).

The demand from the industries to meet their current training needs put pressure on TAFE NSW to review its operations and administrations. When the newly elected Liberal government came into power in the 1988 State election, it decided to restructure the whole TAFE NSW system. Dr T Mettherell who was then the Minister for Education established a Management Review of New South Wales Education Portfolio to investigate TAFE's provision and operation. The investigation was headed by Dr Brian Scott, a leading businessman and consultant who had been previously involved in a number of reviews relating to public education in Australia.

1989 Scott Report

The Scott Report (1989-1990), claimed that the traditional organisation of TAFE NSW was a barrier for effective delivery of its services to students and industry and therefore recommended a complete restructuring and decentralisation of TAFE. Prior to the Scott review, TAFE NSW was a highly centralised educational institution. The policy decisions such as matters relating to course syllabuses; decisions as to which courses should be offered at which Institutes; decision concerning the recruitment, promotion and transfer of full-time teaching and non-teaching staff; decisions about the allocation of funds are all made at Central Office. The Central Office which was

divided into several divisions in Sydney was responsible for the regulation of most aspects of TAFE colleges operations.

Decentralisation was viewed by management as the best way to bring the organisation closer to the people whom it services. The decentralisation of policies and operation of TAFE has accelerated since early 1970's. The changes are notable in management style, lines of control and communication. Most of the functions of the former head office of TAFE NSW were devolved to the Institutes, to exercise state-wide responsibilities. Although, the Strategic planning division remained in its Central Office, it was represented by the Institute Directors (Lundberg:1994).

The Scott review also believed that restructuring TAFE NSW as a statutory authority was the most effective way of ensuring it can meet the needs of industry and the community as it will enhance training opportunities. The NSW government took into account the recommendations of the Scott Report. As a result the government changed the status of TAFE NSW from a government department to an Authority, responsible to the new Department of Further Education, Training and Employment (FETE). However, in contrast to Scott's recommendation of regional networking of the 107 campuses which existed in 1989, there was drastic rationalisation and amalgamation of TAFE NSW campuses into eight Institutes of TAFE and three Institutes of Technology - Sydney, Hunter, Illawarra) in 1991 (Scott:1989).

The decentralisation and devolution of responsibilities to the Institutes was believed to enhance a corporate spirit that tends to deteriorate as organisations grow. Others perceived centralisation as an advantage because of the ability of the system to bring human and other resources to be utilised more effectively than small

organisations might not be able to afford. There is also greater power to coordinate services and to ensure equitable use of resources through the system, e.g. disposition of teaching staff and, of course, economies of scale.

The devolution of activities to the Institutes and the amalgamation of campuses into institutes reflected the shift of power, responsibility and accountability from the Central Office of the TAFE Commission to the Institutes. It was argued that the decentralisation of control would enhance a greater degree of institutional autonomy, and allowing Institute Directors to assume a greater level of freedom to conduct their own Institute. It was also argued that the devolution of resources and management responsibility to the Institutes is a key element of this reform, which would assist the Institutes to compete with private vocational training providers, capable of a more adaptable and market-responsive provision of services (Change Management Review:1995).

In order to achieve these commercial gains it was argued that restructuring TAFE NSW would open up financial opportunities through improved productivity and commercial activities. In 1989 the Scott review predicted that at least 50% of income could be generated from TAFE commercialisation within a period of eight years. The NSW TAFE Annual Report (1994-95) reported that the Commission generated over \$154.5 million from its commercial activities, fees, charges and programs that were run for various government departments as well as 7 million from international projects and the international student program. This amounts to more than a quarter of the TAFE funding for 1994-1995 (Annual Report TAFE NSW:1994-1995). With TAFE heading for a more entrepreneurial approach in delivering its services, it was not impossible that the 50% self-funding prediction

would materialise (Annual Report:1994-1995). In 1995-1996, the revenue generated was \$17.5 million greater than 1994-95 or \$172 million (Annual TAFE NSW Report:1995-1996).

TAFE's involvement in commercialisation began in 1951 when the School of Management (it was called Department of Management) conducted fee-for-service courses for industry (Neill:1991:68). In 1988, fee-for-service courses increased dramatically particularly in the area of Total Quality Management conducted by the School of Mechanical Engineering at Sydney Institute. Other Schools such as Building, Civil Engineering and Business and Administrative Studies were also involved in fee-for-service courses (Neill:1991:68).

In 1958, TAFE NSW through the Colombo Plan became involved in servicing and training government sponsored international students and full-fee paying students. TAFE NSW was training approximately one hundred and fifty international students, mainly enrolled in Accountancy and Matriculation courses (Neill:1991).

Since then, the TAFE NSW began to place a greater emphasis on designing and delivering courses to suit the needs of individual, industries and organisations on a commercial basis. The emergence of private providers increased in the 1980's when the Commonwealth and Territory Ministers responsible for education and training decided to promote the development of an 'open training market'. This signifies a fundamental shift and transformation of the VET system (Anderson:1996:49). TAFE NSW began to compete with other private providers in order to generate income. The market segments in which Institutes compete directly with private providers are: fee for service short courses, DEET labour market programs and Australian traineeship and international students program. Commercialisation has become an

important focus, in response to changing perceptions about technical education and the opportunity for commercial gain.

In order to achieve these commercial gains, recent developments in TAFE have focussed on its marketing and promotion tools for shaping client perceptions and increasing the market share. In 1991, a marketing division was established to perform the marketing and commercial activities. The Marketing Division also became the focal point for customer service, and responsible for changing the traditional image of TAFE NSW to the one that is market oriented.

Prior to the Scott Review, TAFE was highly regarded for its contribution to national skills, it enjoyed a monopoly over the funding from both the Commonwealth and State Governments. In some respect, this changed when the government directed TAFE to tender for the funding of courses.

Not only were TAFE NSW services commercialised locally but also internationally. TAFE NSW looked for its opportunities offshore by means of delivering a wide range of customised training products and services (Annual Report:1994-1995, 1995-1996). Customised courses were promoted and TAFE NSW colleges competed with each other for business. Currently, TAFE NSW commercial activities offshore are an important part of its operation. Some of the permanent teaching and educational staff now depend on commercial income to fund their salaries.

In 1995-96 NSW TAFECOM generated an income of 1.9 million from its international projects. Projects included consultancies, training needs analyses, customised fellowship proposals, training programs in health and biomedical services,

industrial electronics, management and supervision, maintenance and computing (Annual Report:1995-96).

The TAFE NSW international students program has flourished, so that during 1995-1996, the program generated an income of 12.2m (Annual Report TAFE NSW 1995-96). The income generated from the international students program is being used to conduct some courses that TAFE NSW would have not been otherwise able to run due to lack of funding.

The need for financial gain was the incentive to TAFE NSW management to restructure the whole TAFE NSW system. The transition to a broader role occurred recently when TAFE NSW involvement in lifelong education of young people was only part of its vision. The competitive threat posed by a rapidly increasing number of private providers, the decrease in government funding, the continuous demand by industry and government and the internationalisation of TAFE NSW services put pressure on TAFE NSW to continually review its services and operation.

In 1995 TAFE NSW opened its doors to 415,868 students in New South Wales, offering 112 courses in different areas such as Business and Admin Studies, Tourism and Hospitality, Engineering, Computing, and Pre Vocational courses. The TAFE Commission employed more than 20,000 - of the total, 12,000 were teaching and educational staff. Despite criticism from the industries, TAFE NSW has maintained its good reputation as a provider of quality education and training ranging from trades to professional level (1993 National Centre for Education Research), (1995 Government Services Provision report). TAFE NSW also became an independent marketplace provider in a commercial environment not only for local but overseas clientele (Annual Report:1995-1996).

The TAFE NSW reforms have come about by changing the nature and structure of the labour market particularly during recent years. TAFE NSW explores its opportunities in a much wider arena by addressing the demands of industry. Award restructuring set the stage for a substantial increase in demand for education and training across all industries, particularly those who are in the semi-skilled and post-trade areas. TAFE NSW was asked to provide a wider range of services in order to assist the restructuring of industry.

Both the management and the Union, the Teachers' Federation in particular, also recognise the importance of TAFE NSW's involvement in workplace restructuring. The former president of the NSW Teachers Federation, Phil Cross made the following statement in 1993 in response to the restructuring of TAFE NSW services.

"Our response will be vitally important because award restructuring is not necessarily built around an expansion of TAFE NSW services to industry and the community. Unless TAFE NSW's bureaucracy, teachers and unions, handle the demand and role changes effectively and efficiently, TAFE NSW could be the loser in the restructure of industry training. Our system of education, our salaries and working conditions are predicted on the provision of appropriate educational services to the work force. We cannot afford to be negative or slow in response to these changes. If we do not meet the needs of the people we service they will eventually go elsewhere'.

The increasing demand for TAFE NSW training and services also put pressure on government to look at its current staffing and operation. In 1995 the government promised 5,000 extra student places to cater for the increasing number of TAFE NSW

clientele. In order to cope with the increasing demand, the government started to investigate how the extra funding needed can be generated to fund the cost of students places. The Change Management Team consisting of senior staff from DTEC and TAFE NSW was created in June 1995 to investigate how the TAFE can respond to the needs of industry to increase its competitiveness in order to generate income.

1995 Change Management Review

The Change Management Team Report questioned the appropriateness of TAFE operations, structure and administration in catering for a wide range of clientele, particularly the industry. With the growing competition from private providers, TAFE services and operations was perceived as inflexible, bureaucratic and inefficient (Change Management:1995).

The Change Management Team came up with 123 pages of recommendations on how to rationalise and streamline the Department Technical Education Commission (DTEC) and Technical and Further Education (TAFE) operations with the view of amalgamating the two organisations. The two organisations were previously two separate independent departments under the NSW vocational education and training (VET) system. It was argued that amalgamating the two departments, would remove unnecessary duplication of services and therefore, strengthen the Institutes and provide greater autonomy in performing their functions. This would also lead to saving \$21.103m in costs and enable the government to offer 5,000 extra places by the year 1997 to students.

The restructuring was also aiming to improve the facility for industry to advise on the directions for the NSW Vocational Education and Training system, and

strengthen the state-wide curriculum development and maintenance processes for the sector.

On 13 November 1995, a draft copy of the report was distributed to all the managers within TAFE and DTEC in New South Wales. More than 150 submissions and letters were received from the staff and union representatives (Memorandum from Jane Diplock, Managing Director, 1996).

The following summarises of the Change Management objectives:

- * there is to be one state training authority, DTEC, responsible for vocational education and training in NSW. TAFE will not be abolished;
- * the policy, planning and resources allocation process and administrative must be streamlined and all unnecessary duplication of functions and positions eliminated;
- * recurring and achievable savings are to be identified to fund an additional 5,000 TAFE NSW students places. These places are to be available for the academic year 1997; and
- * Industry Training Advisory Bodies (ITABs) are to be resourced in order to deliver an efficient, effective industry contribution to VET planning.

The Team has identified the reduction of overall staffing by 269 positions with these savings to fund 5,000 student places.

Table A4 Summary of the Gross and Net Savings from Amalgamation of
DTEC and TAFE

Item	Current Staffing	Proposed Staffing	Saving	\$m
Corporate Services				
DTEC Central	244	281 (307)		
TAFE Corporate Services	507	172 (97)		
No In TAFE Information Systems Bureau	62	62 (62)		
No Devolved to Institutes		29 (48)		
No of Relocated in Consortia		- (30)		
Total	813	558 (558)	269	\$14.117
Training Divisions	190	162	28	\$1.933
Replacement of Contractors with Permanent Positions				\$1.800
Relocation out of Leased Office Accommodation				\$3.253
Total Gross Savings	-	-	297	\$21.103
Funds required for ITABs				\$1.100
Maintenance of Existing Accommodation				\$1.250
Enhancement of Access and Equity Services (additional 7 positions)				\$0.420
Supporting New Curriculum Arrangements				\$0.833
Total Outlays				\$3.603
Total Net Savings				\$17.500
Total Resources Required for 5,000 Student Places				\$17.500
Balance				\$0.000

Source: Change Management Team Report: November 1995

The push for further restructuring has been accompanied by the pressure from the TAFE Teachers' Federation and the Public Service Association. The TAFE Teachers' Federation in support of the Public Service Association called a 24 hour strike on the 14 November 1996 arguing that the whole basis of restructuring and amalgamation was purely 'commercialisation' in order to increase TAFE's capacity to compete with private providers.

Fooks (1996) (former DEET official) argued that the push by the government for the 'training market' concept (or commercialisation) is to encourage private providers to compete for funds. Since private providers pay lower salaries to 'trainers' than TAFE teachers and have lower overheads, the government is guaranteed of huge savings on labour. TAFE teachers salaries constitute the major outlays for the government, and its inability to reduce teachers salaries, forced the government to look for solutions outside TAFE (Fooks:1996). The problem with this strategy is that skills and qualifications of TAFE teachers exceed those of the trainers in private enterprise. Vocational and Technical teachers have a wide range of expertise. They are normally recruited from industry with relevant background in vocational experience and have first-hand employment experience in occupations associated with the subject or subjects they will teach. They are normally recruited to teach in a particular subject with high level of competence. Their academic and professional qualifications are diverse. According to the 1995-1996 Annual Report TAFE NSW, in 1995-1996, 146 new full-time teachers that entered TAFE possessed the

educational qualification such as Diploma of Education and Bachelor of Education plus five years industrial experience. Technical teachers differ from teachers in secondary school and Universities. Although constrained with administrative, examination timetabling, and teaching, the teachers job is self-directed. Teachers set their own work priorities, with freedom and independence. TAFE teachers are required to perform tasks within and outside the educational guidelines e.g. student consultation and counselling, development of curriculum, contact with industry and so forth. Therefore, it is difficult to compare the labour of 'trainers' in industries with 'TAFE teachers'.

It also claimed that there is a danger that those parts of TAFE NSW that are carrying on business will come under the new Hilmer competition policy and there is also a risk that all "contestable" funds might be included and subject to a tender process. This according to the Teachers Federation will threaten TAFE NSW's future as a public provider. Queensland for example is moving to place its State and Commonwealth funding on a competitive tendering basis. The National Competition Policy commissioned by Professor Hilmer in 1993 extended the same principles of competition as generally apply in the private sector to the public sector. Private providers are encouraged to compete for public funds through competitive tendering. The National Competition Policy is also aiming to give the employers of trainees and appointees the opportunity to choose the provider of their choice. This move was totally rejected by the Teachers Federation claiming that:

"The National Competition Policy will outlaw anti-competition behaviour and bring public utilities under the Trade Practices Act and Prices Surveillance Authority" (NSW Teachers Federation:1993).

The following quote from Fooks article gives some indication as to the extent of the adoption of the National Competition Policy in government authorities and departments both Federal and State.

"A competition code has now been agreed upon by COAG (the Council of Australian Governments). This means that the principle of opening up the operations of government authorities to competition from private providers has been endorsed at the highest level. Other things have followed as a result. The Commonwealth government has passed the necessary legislation to give effect to competition policy and all state and territory governments are in the process of putting in place their own complementary legislation. Some have already introduced bills and all states/territories are required to mirror legislation passed by June 1996. In due course, any activities of TAFE institutions which constitute the "carrying on of a business" will be subject to the provisions of these Acts. The full import of this is not yet clear, but certainly the operation of the entrepreneurial arms of institutions will be covered" (Fooks:1996:29).

As part of reforming the vocational and technical education in Australia, the Australian National Training Authority (ANTA) was established in July 1992. Its mission has been to "achieve national consistency in the delivery of vocational education through the development of agreed national goals, objectives, and priorities", national strategic plans", "firm targets and priorities", coordinated funding arrangement, and profiles for vocational education and training at national level (Taylor:1996).

This training reform agenda was a set of training reform in vocational education and training in Australia which was agreed by Commonwealth, State and Territory ministers with relevant responsibilities, a process which began with two special conferences in April 1989 and November 1990. The Australian Training reform agenda has five main missions:

- * competency-based training, with national competency standards;
- * national recognition of competencies, however attained;
- * an open national training market;
- * equitable access to vocational education and training, and;
- * an integrated entry-level training system.

One of the significant roles of the Australian National Training Authority is coordinating the funding for TAFE in Australia. Funding is channelled through the State and Territory bodies to TAFE colleges. The basis for the allocation of funding depends on the Institutes "profiles". This means the capacity of the Institutes to

justify the need for funding. Once having made the nomination, the Australian National Training Authority (ANTA) will then provide the funding to the training provider (Taylor:1996).

The Australian National Training Authority is operating in a centralised system, having the responsibility for training reform at the national level. Its Board has representation from industry as well as educationalists from the Commonwealth, State and Territories (Taylor:1996).

In a published letter dated 6 February 1996, from Mr John Aquilina, NSW Minister for Education, he assured the Teachers Federation that:

"The Carr Government has a strong intention of maintaining TAFE as a strong public provider in the NSW vocational education and training sector. While the Hilmer reforms have been adopted in a number of areas, there has been no decision taken to extend them to education and training. All ANTA funds will not be allocated by competitive tendering. A considerable proportion of these funds will continue to be allocated directly to government agencies" (Aquilina:1996:19).

The Minister also assured the Federation that the government has no intention of casualising the TAFE workforce. He also stated that it is proposed to call for expressions of interest for voluntary redundancy from staff in the near future, although the precise timing has yet to be finalised (Aquilina:1996).

On the 14 December 1995, the final report of the new structures and functions of the Department of Training and Education and TAFE NSW was released. Most of the recommendations by the Change Management Team were adopted. The following are the main changes:

- * The Department of Technical Education Commission will have five key functional areas - Policy and Executive Services; Planning, Resources, Research and Industry Liaison; Education and Training Services; Corporate Services and Comprehensive Audit.
- * A TAFE Coordination Unit with 154 staff, (a reduction of 269 positions) will operate and comprise of educational development and planning, TAFE marketing and business management, (including finance, administration and marketing), student administration, secretariat and executive services unit, industrial relations unit and equity support centre for the disabled.
- * The TAFE Information Systems with 60 staff and International Students Services with 22 staff will be reporting to the Board of Management.
- * The comprehensive audit, with 21 staff will have a TAFE NSW specific function but will report directly to the managing director of TAFE NSW.
- * Strategic policy, planning and resource functions will devolve to DTEC.
- * The Institutes will also have more autonomy and assume responsibility for some functions that was devolved from the Central Office. The Institutes will

also have discretion to determine priorities and vary these priorities with their budget allocation.

- * TAFE Institutes will assume responsibility for authorising the conduct of courses, resourcing of courses, student services, educational development, coordination of counselling services, staff development, more finance and administration.
- * Institutes will establish curriculum support units to enhance teacher support, facilitate workplace training and learning, manage the customisation of curriculum, and undertake co-operative arrangements with local enterprise trainers and other VET providers.
- * A working party will be established to investigate the role and functions of the Open Training and Education Network (OTEN).
- * Twenty eight (28) positions will be lost in the Training Division. (Source: Memorandum from Jane Diplock, Managing Director, DTEC, 14 December 1995).

On the 1 April 1996, a letter from Jane Diplock, Managing Director was distributed to Corporate staff calling for expressions of interest in voluntary redundancy.

The officers under the classifications of corporate services and training divisions were offered voluntary redundancy. Positions covered by the crown employees (Public Sector Salaries) Award were: Senior Education Officer (DTEC),

Guidance Officer (DTEC), District Guidance Officer (DTEC), Clerical Officers, Clerks, and Computer Systems Officer.

Limited opportunities for redeployment of staff members in the following classifications were available as follows: Driver/General Assistant, Department Driver/Assistant, Stores Officer (Grade 1), Technical Officer Engineering (Grade 2), Senior Technical Officer Engineering (Grade 2), Legal Officer Public and Relations Officers. Staff covered by the Institute Managers Enterprise Agreement: Institute Manager (Any Level).

Non-teaching positions in Institutes covered by the Teachers and other Educational staff enterprise agreement who were asked to express an interest in voluntary redundancy were: Education Officer, Senior Education Officer Chief Education Officer, Principal Education Officer, and Institute Coordinator.

The voluntary redundancy package contained the following elements: Four weeks pay in lieu of notice, an additional one weeks notice or pay in lieu for employees aged 45 and over, with 5 or more years of completed service, severance pay at the rate of two weeks per year of continuous service with a maximum of 26 weeks, pro rata annual leave loading in respect of leave accrued at the date of termination, the benefit allowable to an employee as a contributor to a retirement fund, the benefit allowable to non-contributors to superannuation known as the Basic Benefit. In addition, employees who decide to take an offer will receive the following incentive payments: less than 1 year service - 2 weeks pay, 1 year and less than 2

years service - 4 weeks pay, 2 years and less than 3 years service - 6 weeks pay, 3 years service and over - 8 weeks pay.

The staff were given until the 3 May 1996 to express interest in voluntary redundancy. (Memorandum from Jane Diplock, Managing Director, DTEC, 1 April 1996. It is interesting to note that when an employee decided to accept the offer, the employee's position went as well.

Table A5 Voluntary Redundancy at TAFE NSW 1994-1996.

	Teachers		Educational Staff		Administrative Staff	
	94-95	95-96	94-95	95-96	94-95	95-96
Redeployed	9	0	2	1	8	11
Voluntary Redundancy	62	44	1	1	9	1
Total	71	44	3	2	17	12
Grand Total	115		5		29	

Source: Annual Report TAFE NSW 1994-1995 & 1995-1996.

Allied with the redeployment and staff redundancies is the revelation of increased productivity. The TAFE NSW has revealed that it has identified productivity improvement valued at \$12.6 million a year as a result of the new TAFE/DTEC structure. TAFE promised to allocate the funding to create 5,000 places for 1997 student intake.

From the above information generated it is evident that the productivity was generated from abolishing of positions from TAFE & DTEC and the positions deleted are from operational level. It is interesting to note that the cut back are where services are normally delivered.

Another interesting trend is the remarkable increase of industrial disputes in TAFE NSW from 0 zero in 1993-1994 to 2,442 working days lost in 1995-96 due to micro-economic reform (Annual Report:1993-1994 & 1995-1996). This clearly shows the growing number of staff who are discontented. It also shows the lack of mechanisms for the consultation process between the management and unions as far as the continuous restructuring of the TAFE system.

Conclusion

TAFE NSW has undergone several stages of development since its establishment. From its humble beginnings, TAFE has grown to be the largest and most diverse sector of post-secondary education in Australia.

TAFE has dominated the VET sector for over 100 years, providing a wide range of vocational training to a variety of clientele. This includes the individual student, industries and recently international clients.

TAFE has constantly looked for ways of improving its operations. The economic downturn in 1980's - 1990's put pressure on TAFE to look for the extra funding it needed that the government was no longer able to provide. Allied with the pressure to be self-sufficient is the increasing demand from industries for a more flexible delivery of its services. It is interesting to note however that empirical evidence reveals that TAFE has always recognised the needs of industries. This is evident in the Kangan Report (1964) where it emphasised the importance of catering for individuals and industries.

Decentralisation and commercialisation became an integral part of the TAFE microeconomic reform process (1990's). The prospect of financial gain has given TAFE all the incentives it needs to further restructure the organisation. Competitive pressure has forced TAFE to restructure its labour force which has resulted in introduction of non-standard of employment, loss of staff morale, increased workload, and labour shedding. This is evident by the remarkable increase in industrial

disputes in 1995-1996. This will have implications for the way TAFE will be able to organise its production process in the future.

The following chapter examines in detail the attitude of TAFE employees, unions and management towards the commercialisation at the Illawarra Institute of Technology as part of microeconomic reform. The case study illustrates that policy implementation normally occurs at the Institute level and therefore it is necessary to use the Institute as the focus of study. The outcomes of the responses demonstrate the impact of commercialisation on industrial relations.

Chapter IV Commercialisation at the Illawarra Institute of Technology: A Case Study Analysis

Introduction

The introduction of commercial activities was one of the major significant changes at the TAFE sector. From the early 1990's the number of fee-for-service courses increased and international projects and full-fee paying students were introduced. In 1993, at the Illawarra Institute of Technology a separate Marketing Unit was established to be responsible for commercial activities. Since then, the marketing and promotion of courses has become an important part of the Institute's operations.

For the Institute's Marketing Unit to succeed it has to rely on its staff within the Institute to promote and deliver its services. Existing educational and administration staff in TAFE were recruited to work on commercial activities. This was a drastic change for staff and management. This study focuses on the Illawarra Institute of Technology and provides evidence of the effects of commercialisation at the Institute level within the current industrial relations system. The perception of employees, union, and management about commercialisation was also solicited. It also provides important information on impact of commercialisation on employees, unions and management.

There are several reasons for using the Illawarra Institute as a case study. Firstly, no study on the commercialisation at the Illawarra Institute has been conducted before. It is expected that this study will generate concrete and valuable information on how commercialisation has been implemented at the Institute level and in what ways it can be improved.

Secondly, the Illawarra Institute had always operated in a conservative manner until restructuring took effect in the 1990's. The drastic moves to introduce commercialisation at the Institute level changed the Institute's ideology and administration. The Illawarra Institute provides a picture of the impact of commercialisation on industrial relations in one section of TAFE's organisation.

Thirdly, restructuring has made the Illawarra Institute one of the fastest growing sectors of the educational industry with great potential for successful commercial ventures. Its success however, depends on whether the Institute and the TAFE sector can adapt to the demands of the new objectives. Fourthly, the Illawarra Institute is ideally situated to attract commercial clients from industries due to its 'unique' geographical location and its reputation as an excellent and experienced provider of vocational education and training. The proximity of the Institute to heavy industries is a benefit to the Institute. However, the emergence of local private providers for similar TAFE courses poses significant pressure on TAFE's system. The survival of the Institute in a very competitive commercial environment depends on its freedom to work around a system that is perceived as highly bureaucratic, rigid, and inflexible.

Methodology

To analyse the implications of commercialisation for industrial relations, this study used the following methodology. Firstly, the literature on commercialisation in the NSW Public Sector, its transformation of the industrial relations system in the NSW public sector and the recent restructuring at TAFE was reviewed in Chapter II, and from the information generated, the main issues have been identified, in order

to assemble a complete picture of the impact of commercialisation on industrial relations. The issues that arose are detailed in the first chapter of this thesis. Secondly, a case study was conducted at the Illawarra Institute of Technology - (TAFE) in May 1996. A survey was conducted through a self-administered and anonymous questionnaire with staff who were involved in commercial activities and in-depth interviews were carried out with the Director, Assistant Director, Head of Studies at the Institute, and delegates of the Teachers Federation both at the Institute and at the Sydney Teachers Federation House.

A 1995 Employer and Employee Survey at the Institute was used as additional data as well as other documents from the NSW government and TAFE.

The Survey

Approval was sought and granted in April 1995 from the Acting Director of the Illawarra Institute to conduct a survey. The Acting Director welcomed and supported the study and subsequent meetings were organised to discuss the objectives and strategies of conducting such a study at the Institute. These meetings also provided an opportunity for the Acting Director to ask questions and discuss issues of commercialisation at the Institute. These meetings also provided an opportunity for the Acting Director to ask questions regarding the survey.

The survey examined the degree of awareness and understanding of staff who are involved in commercialisation at the Institute regarding the management objectives in introducing commercialisation at the Institute. It also looked at the perceptions of staff about the direction of commercialisation in the context of current restructuring and its implications for industrial relations.

The second part of the survey focussed on the decentralisation of administrative and management activities from the Central Support Office to the Institute that affect traditional procedures at the Institute level.

The survey was conducted by means of a structured questionnaire. Interviews with the Director, Assistant Director, Head of Studies and the Teachers Federation's delegates were also conducted. Prior to the distribution of the questionnaire, an in-depth interview was conducted with two staff members who were heavily involved in commercial activities at the Institute. The purpose of the interview was to build a strong understanding about commercial operations at the Institute prior to the survey. This awareness became the basis for designing the survey.

The questionnaire was useful in gaining attitudinal data, particularly on the staff perceptions about commercialisation at the Institute and how it can be improved. The areas covered in the survey were the Upper Illawarra, which consists of the following campuses: Wollongong, West Wollongong, Dapto, and Shellharbour. Southern Tablelands; Cooma, Goulburn, Yass, Queanbeyan and Moss Vale. The data was collected from the Training Consultants, Senior Head Teachers, Head Teachers, Teachers, Heads of Studies, Assistant Director, Director and the Teachers Federation's Delegates. The basis for selecting the target groups from the survey was their degree of involvement in commercial activities at the time of the survey.

Much attention was focussed on the hypotheses to be tested. They are as follows:

- * commercialisation has played an important role in restructuring the TAFE sector.

- * commercialisation cannot be successfully implemented in the TAFE Sector under the current industrial relations system.
- * there are organisational constraints in introducing commercialisation into the TAFE system.
- * commercialisation has impacted on industrial relations for example; management practices, union resistance, introduction of non-standard employment conditions, reduction of labour, cultural transition from traditional system to a more market oriented type of operation that greatly affected the morale of staff.

The questionnaire design, sample selection, and the techniques for the distribution of the questionnaire were also given consideration in the case study structure.

The questionnaire was formulated after considering the in-depth interviews mentioned earlier, as well as the results of a pilot study.

The Pilot Study

The pilot study was conducted with two senior staff at the Wollongong Campus and one Head of Studies at the Yallah College.

The major objectives of the pilot study were to develop and test the proposed methodology. This would serve as a testing ground to ensure a better-quality survey questionnaire than would otherwise be the case.

The pilot study was conducted with one male and one female senior staff member, both of whom had been involved in commercial projects and activities for several years. The pilot study facilitated refinements to be made to the questionnaire

and the inclusion in it of more specific issues which arose from the pilot study. This process also provided an insight into the survey strategy particularly the distribution of the questionnaire in such a widely scattered geographical area.

The Survey Questionnaire

The survey questionnaire was distributed to twenty five staff within the Illawarra Institute of Technology on the 8 May 1996. The survey was accompanied by a covering letter explaining the aims and objectives of the study, and a consent form from the participant (See appendix 2). The staff were given eight working days to complete the survey. A follow-up telephone call was made to those who had failed to respond. This process maximised the return. There were twenty five questionnaires distributed. Eighty five percent of staff participated in the study.

Interviews

In-depth interviews with the five Head of Studies, one Assistant Director, a Director, and two delegates from the Teachers Federation (one from the Illawarra Institute of Technology and one from Teachers Federation House, Sydney) were also conducted in the period between 11 June 1996 to 26 September 1996. To keep the identity of the senior respondents anonymous, they will be referred to as 'Senior Management' and 'Teachers Federation's Delegate' in the survey analysis.

Questions similar to the ones used in surveying the staff were used in the structured in-depth interviews with senior management and Teachers Federation's Delegates. The majority of the senior management showed openness and frankness in their responses about the issues on commercialisation at the Institute. The

Teachers Federation's delegate from Sydney was quite reluctant to participate in the interview because of the perceived risk this study may cause members. The summary of the survey is given in Figure 1.

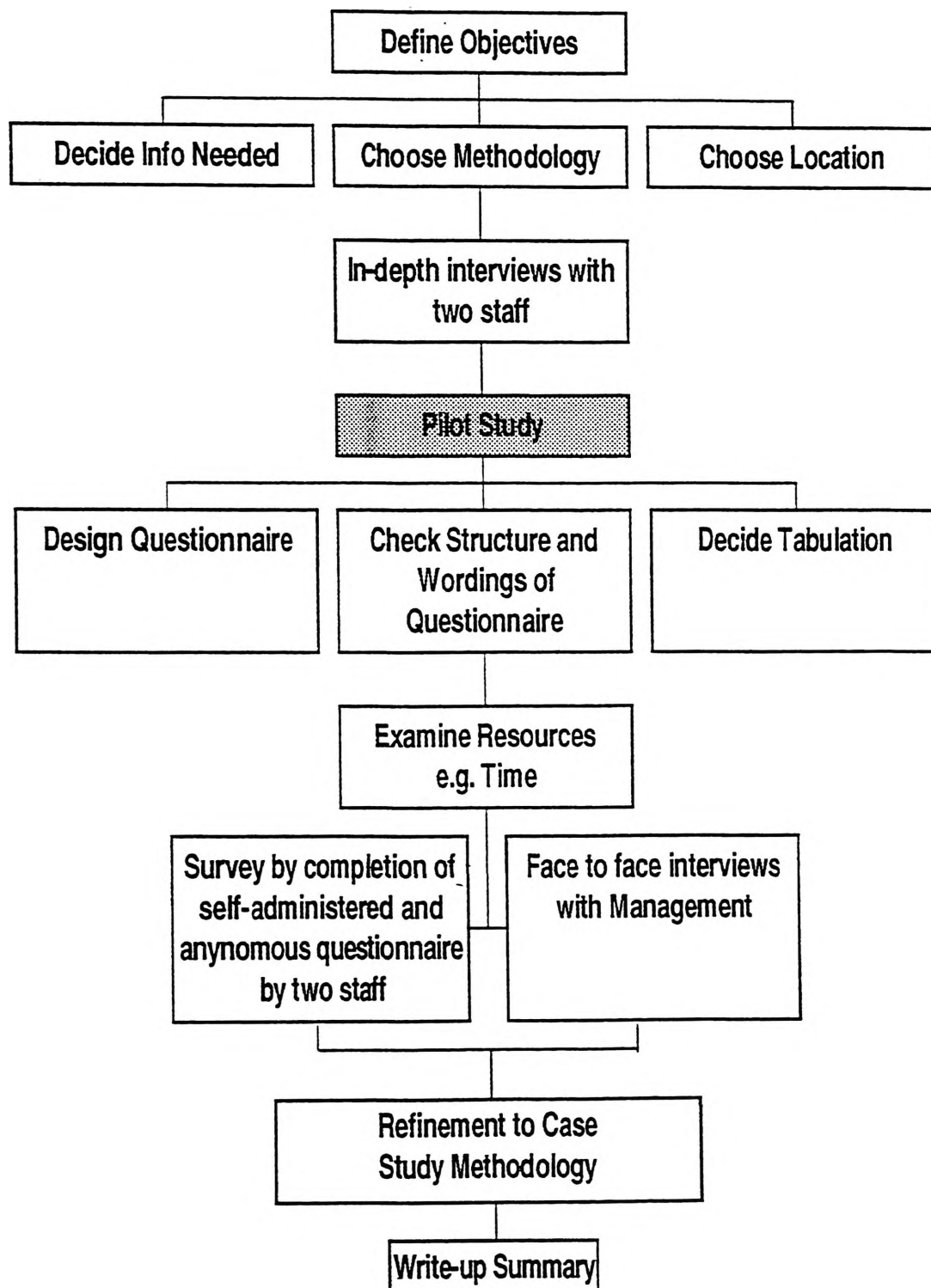
1995 Customer Survey and Employee Survey

Aside from the survey of staff and interviews with senior management and the Teacher Federation delegates, the 1995 Customer and Employee Opinion Survey by the APHIS Communication and Management Solutions, is another major source of data in this thesis.

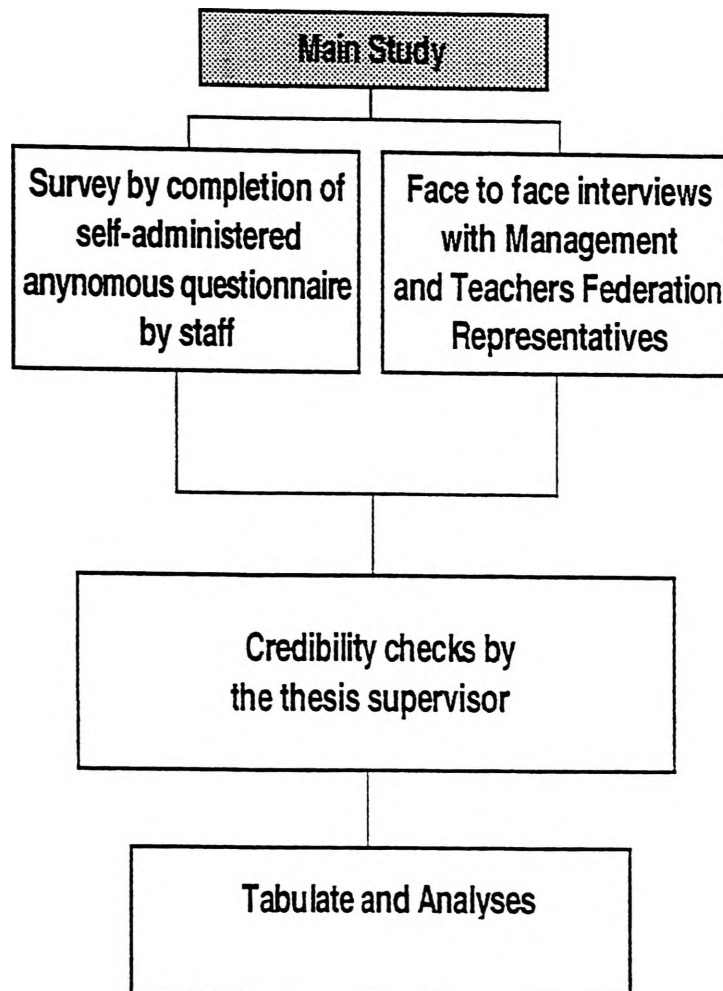
The first part of the survey was conducted with 146 customers through structured questionnaire and telephone interviews. Sixty percent of customers were from the Upper Illawarra, 21 per cent from Southern Highlands and 19 per cent from the South Coast.

The objectives of the survey were to identify Institute customer needs, expectations and perceptions about the Illawarra Institute's performance and service delivery. The second part of the survey focussed on employees at the Illawarra Institute. There were 3,350 employees who participated in the survey. The objective of the survey was to identify the areas that require changes, e.g. labour, in order to be competitive. Chapter IV detailed the outcome of the survey (APHIS Communication and Management Solutions, 1995:13-14).

**ILLAWARRA INSTITUTE OF TECHNOLOGY EMPLOYEE AND
MANAGEMENT SURVEY
A CASE STUDY**



Case study Methodology



Summary of the Survey Findings

The survey examined a number of issues such as staff satisfaction with their job, staff perception regarding the objectives for commercialisation at the Institute, advantages and disadvantages of commercialisation, hindrances for successful commercial venture at the Institute, extra tasks that respondents have to do as a result of commercialisation, decentralisation, and ways to improve the implementation of commercialisation at the Illawarra Institute. The main results are briefly summarised here - they are examined in greater detail later in the thesis.

Staff satisfaction with their job

Most respondents appeared to be happy with their jobs. Those who were unhappy have offered some explanation for their dissatisfaction. The responses also showed that commercialisation is not the only cause of discontent at the Institute but the whole new organisational structure is a source of concern.

Objective of commercialisation

Income generation was seen by the respondents as the primary objective of commercialising TAFE services. The potential for financial gain was also identified by the respondents due to TAFE's product quality and reliability. The respondents believed that aside from income generation, enhancing the Institute profile is a benefit of commercialisation to management. There is also an opportunity to have links with industry but very few suggested that the objective of making the organisation more efficient would be achieved through commercialisation.

Advantages and disadvantages of commercialisation

The variations in the responses on the advantages of introducing commercialisation at the Illawarra Institute of Technology produced unbalanced results. It was found that industry is the major winner in commercialising the Institute's services where 40.9% of the respondents consider that there are major benefits of commercialising TAFE services. The main benefit is that; TAFE courses are tailored to suit the industry needs. Survey results also indicate the growing recognition by the Institute management in providing the best possible service to industry. This is evident by the introduction of flexible commercial courses specific of industry needs.

The Teachers Federation had a negative attitude to the introduction of commercialisation. It believed that this marked an increase in the influence of large employers in the TAFE sector. The introduction of the 'user choice policy' where funds will be re-directed to the employers, was seen as a major win for industry. It also believed that commercialisation would endanger the provision of skills to Australian workforce.

The majority of respondents (63%) identified that skills enhancement and career development are the major benefits to staff. Industry contact, experience, and networking scored the next as the most positive responses.

In contrast, the Teachers Federation did not see any benefit from commercialisation to staff and students. It claimed that it is not supportive of the commercialisation because it led to staff exploitation as non-standard employment has become more and more common. Labour shedding is another negative aspect according to the Union, which claims that teachers were made redundant due to the

pressure from industries on the TAFE system to offer courses that suit their particular needs. This has led, on some occasions, to teachers being underprogrammed. The Teachers Federation is also critical about the greater emphasis on performance indicators rather than teaching.

Perception about the hindrances for a successful commercial venture at the Institute.

Forty five per cent of the respondents identified the lack of management and staff support as a major barrier in commercialisation. Bureaucracy scored as the next greatest problem where 36% of respondents perceived it as one of the major issues.

Strong competition with other providers was also seen as a problem by 27% of the respondents. The lack of entrepreneurial skills by TAFE, confusion over its role in the open training market and as a social provider, government regulations, lack of information about other providers and high labour costs are the main concerns in competing in the training market. Lack of market culture is another important issue raised in this section by the respondents. According to the majority of them, TAFE has always operated in a traditional and highly bureaucratic way. It is a system and rules type of organisation. This made it difficult to shift into a more market oriented culture type of operation.

Additional barriers to successful commercialisation at the Institute are lack of quality assurance, uncompetitive pricing, lack of communication, lack of incentives and, high turnover of staff, inadequate strategic planning and marketing and lack of access to training.

On the other hand, management perceived political issues as the main problem, where they saw political agendas and personal interest by government officials as the barriers in executing objectives, thus hindering management from making firm and quick decisions. The second important issue raised in this section is poor leadership by Institute management. This is even more of a problem during the transition of the organisation into a different type of operation because this requires strong leadership and commitment. The inflexible industrial relations system and the resistance from the unions for staff to be used more flexibly were noted as a barrier to successful commercialisation. The management also believed that new sets of employment conditions are required to be able to operate in the chosen organisational structure at TAFE.

Extra tasks that respondents have to do as a result of commercialisation

Preparation of teaching material, administration and industry liaison are the issues that attracted the majority of the respondents as an important issue. In order to cope with the workload, respondents have noted that they have to make personal sacrifices in order to cope. It was found that there was a variation of responses according to the gender of the respondents. Females were more likely than males to consider that personal rather than professional duties were the result of an increased workload. Forty six per cent of women revealed that they spent less time with their family and some have even indicated that they even have to give up their personal time to complete work. Research, lesson preparation and development of curricula is the second largest area that respondents revealed they now spend less time on. Constant stress was also experienced by staff, particularly women.

Decentralisation

A significant majority (86.36%) of the respondents believed that one of the major benefits of decentralisation was that it would allow the Institute to have the authority to manage its own affairs and gain the Institute the ability to respond immediately to special regional and customer needs and increase the Institute's autonomy and accountability. At the same time, 45.46% of respondents considered that it will lead to erosion of working conditions. Fifty nine per cent of the respondents indicated that competition among the Institutes in the tendering for funds is a major concern since decentralisation. Respondents are also sceptical about whether decentralisation would increase staff participation in decision making leading to economies of scale and equitable distribution of resources.

Whom respondents think best looks after their interests at work

The largest number of respondents, 92% consider themselves as the one responsible for their own interests at work, while only a small per cent (30%) saw The Teachers' Federation and their immediate supervisor as those who best looks after their interests at work. This section indicates the high level of self preservation attitude that the respondents have and lack of confidence in the Union and supervisors. Markey's (1988) study on white collar workers in the public sector generated similar results. This might have been attributed to the high level of education that these people possessed.

Ways to improve the implementation of commercialisation at the Illawarra Institute.

Staffing is one of the major issues that needs to be investigated according to 27% of the respondents. This is followed by incentives to staff in terms of training and staff development. There is also a perceived lack of incentive to faculties in encouraging them to participate in commercial activities. Greater flexibility was also identified as an important way to improve commercialisation. Management however, recommended that teachers be up-to-date for industries needs. Finance and employee services must provide the right support to staff, and better training.

The next section examines in greater detail the perceptions of staff, union and management about the impact of commercialisation on industrial relations at the Illawarra Institute. The outcomes will give us an indication whether commercialisation can be successfully implemented at the Institute level under the current industrial relations system.

Profile of the Survey Respondents

It is significant to offer the statistical profile of the respondents in order to evaluate the variation of responses according to their characteristics.

Age, Gender and Length of Service at TAFE

Table 1 and Table 2 show the survey respondents' profile according to age, gender and length of service at TAFE. Fifty four per cent of the respondents were female and 45.2% were male. From the total of respondents, over 40% of the respondents within the 41-45 age group and almost 13% were in the 41-55 years old age group. The 20-30 year age group represented only 9%.

Table 1 Age and gender of the respondents

Age	Male	%	Female	%	Number	%
20-25	1	4.5	0	1	1	4.5
26-30	0	0	1	4.5	1	4.5
31-35	-	0	3	13.6	3	13.63
36-40	-	0	2	9.0	2	9.09
41-45	5	22.7	4	18.1	9	40.90
46-50	2	9.0	1	4.5	3	13.63
51-55	2	9.0	1	4.5	3	13.63
Total	10	45.2	12	54.2	22	100

Source: The University of Wollongong Survey, 1996.

Table 2 shows that 18% of the respondents have been employed by TAFE for 5 years or more, 27.2% between 6-10 years, 27.2% have been employed for 11-15 years, 18.2% for 16-20 years and 9% have been employed by TAFE for over 21 years.

Table 2 Respondents length of service at TAFE

Year of service	Number of Respondents	%
0-15	4	18.2
6-10	6	27.2
11-15	6	27.2
16-20	4	18
21+	2	9
Total	22	100

Source: The University of Wollongong Survey, 1996.

Participants by gender, classification and employment status

Table 3 shows that 27.2% of the respondents are Training Consultants, they are all female, 31.7% of the respondents are Head Teachers, 22.7% of them are male and 9.0% are female. Over 31.7% of the total are Teachers. Table 4 shows that there are more female respondents, 55% more than male respondents, who represent 45%. While all of the males were working full-time and permanently in their current position, 45% of the females were working temporarily and casually, and 55% of the females were working as full-time permanent. This might have been due to the type of courses, systematic use of part-time teachers, redeployment of teaching and administrative staff, and family responsibilities. Table 4, also shows that the majority of the respondents are permanent employees but were released from their substantive position to temporary work in the TAFE Business Centre. This itself is a problem and created a lot of instability in the Business Centre because of a high turnover of staff.

Table 3 Respondents by gender and classification

Classification	Male	%	Female	%
Teacher	3	13.6	4	18.1
Head Teacher	5	22.7	2	9.0
Senior Head Teacher	2	9.0	0	0
Training Consultant	0	0	6	27.2
TOTAL	10	45.3	12	54.3

Source: The University of Wollongong Survey, 1996.

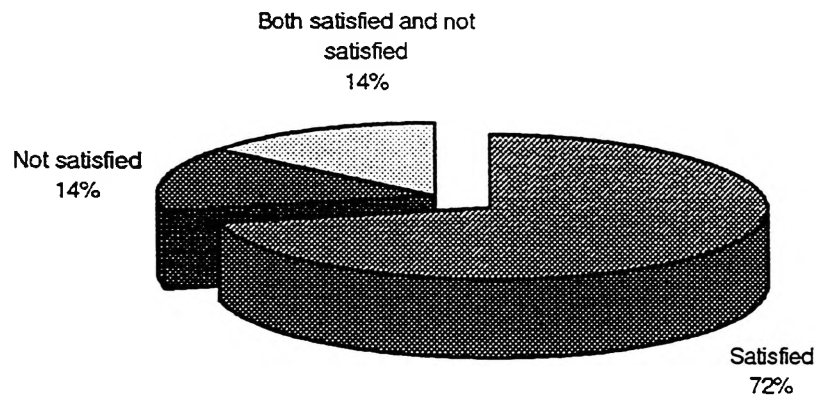
Table 4 Respondents employment status

Employment Status	Male	Female
Permanent / full-time	10	11
Temporary	-	-
Casual / part-time	0	1
TOTAL	10	12

Source: The University of Wollongong Survey , 1996.

Figure 1

Staff satisfaction with their job



Source: The University of Wollongong Survey, 1996.

The major problems are:

Leadership

- Dissension, lack of trust and support by the management.

Bureaucracy

- Conflict between rigid control of bureaucracy and commercialisation.

Communication

- Inability to communicate the vision of commercialisation.

Vision

- Uncertainty as to where TAFE is going.
- Continual changes to TAFE organisation.
- Confusion among staff.
- Constantly changing structure of TAFE.

Employment Security

- Lack of security of employment.
- Employment on contract means lack or security of employment.

Work Load

- Inadequacy of head of studies means continual additional work load placed on head teacher and senior head teacher.

Years of involvement in commercialisation activities

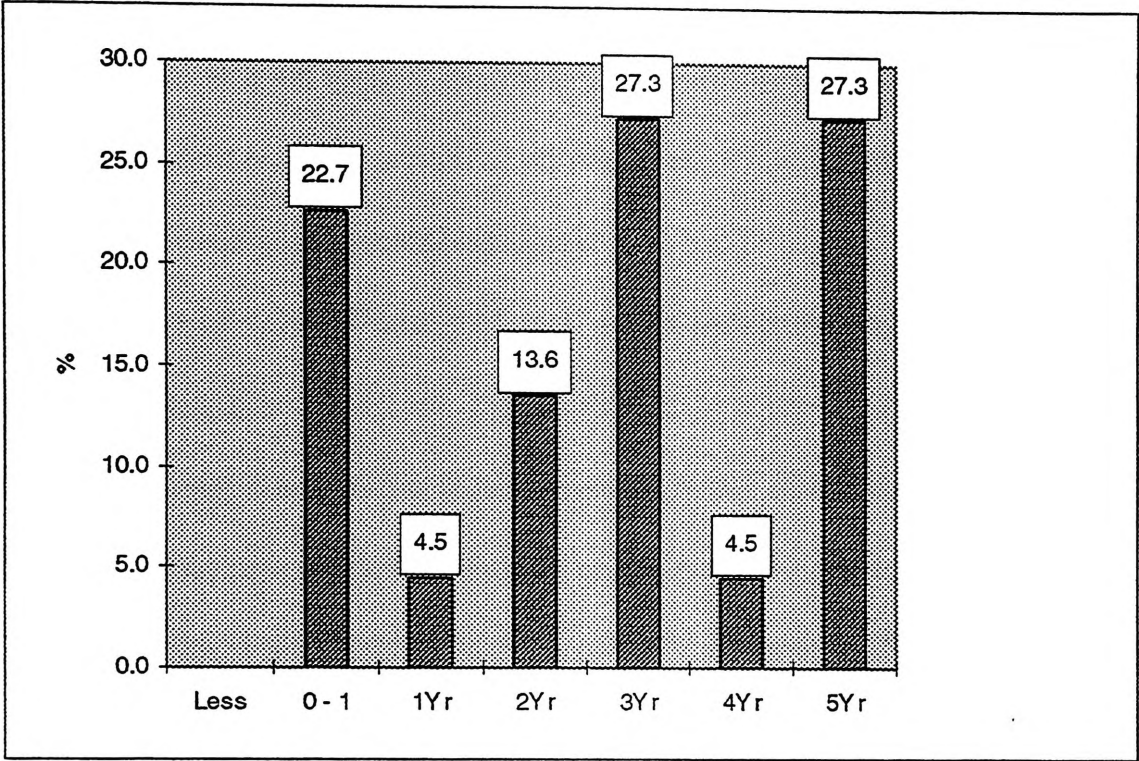
Figure 2 shows that the majority of the respondents, 27.3% have been involved in the commercialisation process for a maximum period of 5 years and 27.3% for three years. A small percentage, 4.5 were employed in commercial activities for 1 year and 4 years respectively. Some 22.7%, have only been employed in commercial activities for one year. Those who have been working for just over a year are mainly Training Consultants who are basically located at the TAFE Business Centre.

Staff satisfaction with their job

In common with other teacher organisations, there have been periods of discontent within TAFE over wages and conditions, but during the last few years, the degree of discontent among TAFE teachers and other staff at the Illawarra Institute has significantly increased. The continuous restructuring of the TAFE system has affected the way the staff feel about their jobs.

The most recent study by APHIS Communication at the Illawarra Institute of Technology (1995) indicated that the teaching staff at the Upper Illawarra in particular (Wollongong, Wollongong West, Dapto, and Shellharbour), are the least satisfied with the current situation at the Institute, 41.46% indicated that they were unhappy about the situation at TAFE. It is interesting to note that those staff in smaller colleges, which operate under the 'conservative college structure' appeared to be happier (APHIS Survey:1995). The main problems are in the area of leadership, bureaucracy, communication, resources and physical environment. The outcome of this present survey is similar to the previous studies by APHIS. This clearly shows that the dissatisfaction of the staff was not only confined to those who are directly

Figure 2 Years of involvement in commercialisation activities



Source: The University of Wollongong Survey, 1996

involved in commercialisation. Those who indicated that they are least satisfied have offered some explanation for their dissatisfaction. The major problems are in the area of leadership, bureaucracy, lack of communication, a perceived lack of direction or vision at the Institute, lack of employment security, and an increasing workload. Figure 1 shows that majority (72%) of the staff are satisfied with their job but raised concern about the lack of vision, leadership, communication, employment security, workload issues, bureaucracy which are directly associated with the current structure and the implementation of commercialisation.

In the early 1990's, a 'Faculty Model' at the Institute was created (appendix 3). This means dividing the sections into different faculties. The Heads of Studies positions were created and often staff were unsure of their role and responsibilities (APHIS:1995). The current 'faculty model' at the Institute created a very bureaucratic type of organisation which is not ideal for running commercial activities. One of the problems with this model is lack of communication among staff. Heads of Studies are located away from the areas they supervise and they become isolated from their teaching staff. This has made it difficult for them to understand the operation at the grassroots level.

In the earlier model, the campuses were headed by a Principal or College Manager. There was more communication between staff, monthly meetings of the senior staff were normally conducted for staff to air their problems and concerns. There was a spirit of team work and cooperation. The positive aspects of the former system is starting to disappear. The new 'Faculty Model' does not facilitate this any more. Instead, as mentioned by the Teachers' Federation, the Faculty model

"encouraged unhealthy competition for scarce funds among faculties" (Out On A Limb:1996).

In September 1996, a re-alignment of the Illawarra Institute of Technology structure was initiated by the Executive Policy without consultation with the staff. The success of the new structure is yet to be determined (appendix 4).

The constant restructuring which is duplicated throughout the whole TAFE system has only produced dissatisfaction among staff. The Institute has undergone many stages of restructuring in an attempt to make it better.

Analysis of the 1996 survey shows a similar trend of responses. Therefore, it is not unreasonable to conclude that the level of staff dissatisfaction can be attributed to the overall impact of the structural changes at the Institute rather than just the introduction of commercialisation. Although this problem is not directly linked with the commercialisation, it is important to know the real reasons for staff dissatisfaction with their job because it is so easy to blame commercialisation for all the problems.

Management objectives in commercialisation

In 1989, the Management Review (Scott:1989-1990) proposed that the "restructuring of TAFE will open up new revenue-generating opportunities from improved productivity and from fee-for-service activities; so that the organisation will commit itself to a schedule for progress towards becoming at least 50% self-funded in 1998" (Scott:1989:1990)".

For the last ten years, TAFE Colleges have operated in a more entrepreneurial way. They have marketed their services and products both locally and overseas. Institutes compete not only against each other but also other providers. Income

generation and marketing have become a significant part of the TAFE management plan.

For the purpose of determining the degree of staff awareness about the management objectives in commercialising TAFE services, it is necessary to ask whether the staff are at all aware of the management objectives in commercialisation. Table 6 indicates, most of the respondents, around 45.5%, thought that income generation is the primary reason for commercialising TAFE services. Thirty two per cent of the respondents considered TAFE as a good provider of services due to its product quality and reliability and therefore there is a potential factor for commercial gain. Some 18.18% identified TAFE's flexibility and accreditation as the management motivation for commercialisation. An interview with the Teacher's Federation delegates claimed that commercialisation has never been properly justified.

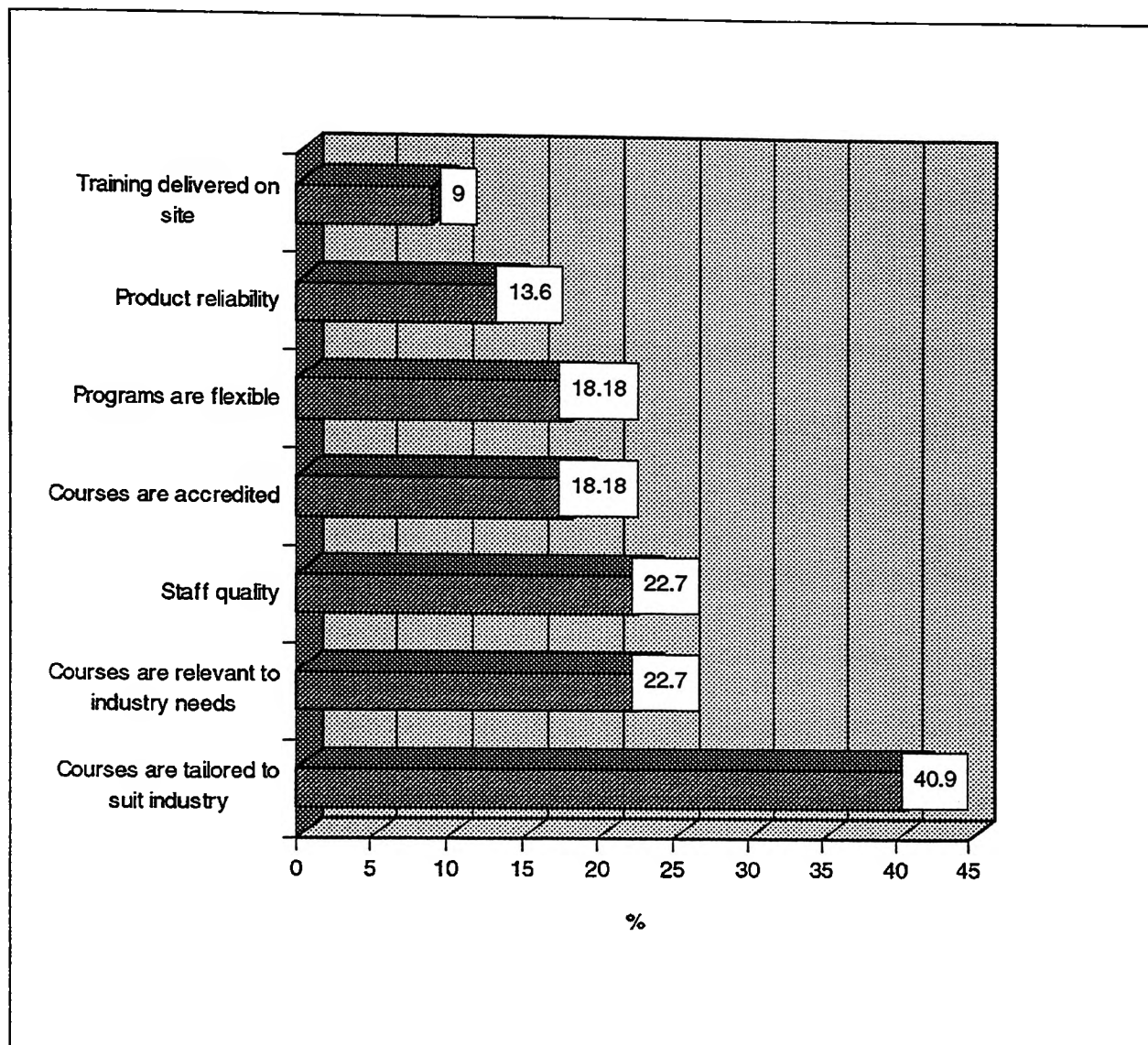
The benefits of Commercialisation at the Illawarra Institute to industry, students, management and the staff?

Benefits of commercialisation to industry

During the last few years, as a result of commercialisation, the Illawarra Institute of Technology has become 'industry driven'. In the context of improving the Institute's performance in service delivery to industries, the Institute commissioned a survey in 1995 to 146 clients (this includes small and big business).

In this survey, industries were able to impose their views and exert influence on the Institute's commercial style provisions and performances. The industries called for teachers to be up-to-date with industry trends, teaching methods to be varied, for the Institute

Figure 3 **Benefits of commercialisation to industry**



Source: The University of Wollongong Survey, 1996.

to obtain the latest technology and equipment, and courses and subjects tailored to be relevant to the current market needs. This strategy benefits those industries which will gain most from the restructuring of the Institutes' provision.

There are already some examples of the extent to which the Illawarra Institute of Technology has become responsive to the needs of industry. Recent developments at the Illawarra Institute of Technology put greater emphasis on meeting the needs of industry by establishing infrastructure that would suit industry's demand. The current infrastructure at the Institute reflects the desire to provide flexible training to industries by the establishment of the Flexible Training Centres (Wollongong and Shellharbour Campuses) to cater for the specific needs of the industry through flexible training delivery. This program is just one of the strategies implemented at the Institute meeting the needs of the industries (Interview with Senior Management:20 July 1996). A Senior Manager at the Institute believes that this is in the industry's favour because of the savings that employers will generate through the Institute's flexible delivery training. He also claimed that even if industries pay extra for commercial training, they will still save in the long run because courses are conducted in such a way that the Institute can train industry employees during a time that it does not disrupt production. Two of the industries that have benefited from the Institute's flexible delivery training are: BHP, and Metal Manufacturers.

Furthermore, he considered that the cost of training at the Institute is very reasonable considering that the Faculty of Engineering is one of the best providers in the Engineering area. He also added that the Institute needs to look at its pricing structure because its charges are too low. He also believed that although industries can set up their own niche market in this area, they can only provide basic training.

Industries still have to come to TAFE for more advanced training for their employees (Interview with Senior Management:20 July 1996).

The establishment of the Flexible Training Centre at the Illawarra Institute was not free of difficulties. The Senior Manager claimed that the staff at the Flexible Training Centre were not keen to establish the Centre in the first place because of its impact on their working conditions. The manager admitted that there was an element of mistrust between the teaching and management staffs. He added that the staff are now happy to have the flexible training centre. He further claimed that staff are now finding their job worthwhile because they can see the results of their effort in a shorter period of time. He also added that the Centre was not the cause of the deterioration of staff working conditions, but what it did was to make them extremely busy (Interview with the Senior Management, 20 July 1996).

Respondents to the survey (Figure 3) have identified the benefits of commercialising TAFE services to industries. Staff rated TAFE courses as being tailored to suit industry needs as the primary benefit. During the early existence of TAFE, courses were conducted according to how the teaching staff saw the needs of individual students, but now with the 'industry model', courses are now conducted to accommodate the special requirements of industry and the needs of commercial users.

Twenty three per cent of the respondents believed that the relevance of Institute courses to the needs of industry was a significant benefit of commercialisation to industry because employers can now demand the type of training that their employees should be given from the providers. Staff quality was ranked as a second important benefit of commercialisation to industry with 22.7%

responses. This might have been attributed to the fact that staff are especially selected to deliver commercial courses. The accreditation of TAFE courses was also identified as a benefit to industry. Participants in the commercial training programs have the opportunity to 'articulate' (articulate here means obtain advanced standing) to mainstream courses. The flexibility of delivering the program, and product reliability were also considered important.

Allied to the commercialisation at the TAFE Institutes is the growing recognition of fulfilling the needs and demands specific to the industry. As a consequence, proper infrastructure such as facilities, courses and flexible staff are the signs of the cultural transition to a more industry focussed type of operation. Undoubtedly, industry is in the forefront of TAFE's provision.

Damon Anderson (1996), from Monash University - ACER Centre for the Economics of Education and Training argued that industry and enterprises, and particularly big businesses, are the winners in the training reforms. He further argued that the influence and power of industry is manifested in the Vocational Education and Training decisions and policies. The need to develop a highly skilled and flexible work-force so that industry becomes more internationally competitive has given industry enough power to influence the decisions of the government (Anderson:1996:36).

The establishment of the Australian National Training Authority which is largely controlled by big business interests, rather than by small business, marked the beginning of the powerful influence of large employers in Vocational Education and Training. The Authority lacks representation by educationalists and this benefits big business interests because it has been given the power to influence TAFE course

provision. The government believes that unless business is given a sense of ownership it will be unlikely to invest in skills formation (Anderson:1996:36).

A recent development at TAFE is the proposal by the Commonwealth Government to allow employers/industries to 'shop around' for apprentice and trainee training providers. The new training arrangement, which is called 'The Modern Australian Apprenticeship Traineeship System (MAATS)', is a further step towards placing the Vocational Education and Training sector in the hands of the employers. This model is called the "user choice policy" in that funds will be re-directed to employers. This means that funds will be directed away from TAFE to employer groups. It is expected that from 1 January 1998, entry level training will be funded to a level of \$500m. Employers can decide to which provider they will go to and what courses the providers will offer. This will enable the employers to choose the particular set of competencies their employees need, specific to the needs of the employers. This will enable the employers to demand how the training should be conducted to benefit a particular industry. This will force the providers to conform to the demand of the industry otherwise they will go elsewhere for their training needs (Peoples:1996). This in turn will endanger the provision of skills to the Australian workforce because Australian employers have a poor history of investing in training compared with their overseas counterparts. (This was discussed in detail in Chapter II). This, according to the Teachers Federation, will threaten the national standard for vocational education and training. It will also create inequity, in such a way, that employees will be forced to undertake training to satisfy the needs of the employers. This will also narrow the skills that employees learn because the range of skills being taught are tailored and specific to an industry. Therefore, if an

employee decides to transfer to another organisation or company, the skills that he or she has learned might not be portable (Interview with Teachers Federation Delegate, 23 September 1996).

The user choice policy put further pressure on TAFE system to provide the demand of the industry, otherwise they will go elsewhere. This strategy created union resistance because it was perceived as lowering the quality of vocational education and training.

The competency-based training system is another policy that gives power to industry and employers to influence the way vocational education and training is conducted. It is one of the most controversial reforms of Australia's vocational education and training systems. The system demands that learners actually perform the tasks inherent to each learning outcome within the workplace (Davison:1994:33). Courses run by registered VET providers must now conform in accordance with the industry-determined national competency standards. This means that an industry can now judge whether a particular course is conforming to its industry's standards. This is regardless of whether the courses are in a student's long-term interests (Anderson:1996). Dr Roger Harris offers criticism to the competency-based training system. He perceived the system is undermining the role of the teachers and facilitators in the learning process, it neglects the competency development because of the emphasis placed on competency assessment, it lacks an integrated off-the-job education and on-the-job industrial experience by learners, cost of its implementation is expensive and small business is being left behind in the footprints of big business. Harris also described the implementation of the system as "hasty and superficial" as it has been treated like a paper curriculum document rather than as a whole system.

Dr Gregor Ramsey (1996) claimed that TAFE's programs will in future be more flexible, even to the point that courses are not only running on TAFE site but also in people's homes, industry, classrooms, offices, building sites, child care centres, parks, laboratories and so on. In other words, learning will take place wherever people want to have it. He added that the success of flexibility will depend on the people that would make this happen - the teachers -and how they will find ways around the system, keeping up with the demand of industry, and the ability to manage this diversity of role. The TAFE sector will become customer focussed, instead of teacher focussed (Ramsey:1996).

It is now a common practice for courses to be conducted off-campus. The implication of this trend is that it will lead in time to a large redirection of resources away from TAFE - recurrent and capital and a progressive building up of facilities in industry. It must be noted also that flexibility is not always easy to obtain in an organisation entrenched with a rigid set of rules. The system needs to be loosened up for staff to have the freedom to find ways around TAFE system. While TAFE recognises the importance of teachers in the survival of the organisation, it remains blind on how to obtain their commitment and loyalty.

Benefits of commercialisation to students

To determine the impact of commercialisation on students it is important to define who are the students. 'Students' includes, those individuals who are voluntary students, international students, and, those who are sent by industries to obtain vocational education and training at TAFE. This new official TAFE definition of 'students' will now be substituted by the word 'client or consumer'.

During the last few years individual students and international student groups became the major consumers of TAFE services. In 1994 alone, the TAFE system generated \$143.3 million (Australia wide) from local and international students. This is larger than the contribution made by industries in the same year to the TAFE system. Local students have to pay up to \$600 a year while international students pay to \$9,000 a year. This trend is similar in New South Wales TAFE, which revealed that local and international students contributed more in 1995-1996 towards the TAFE state funding than industry. Over \$46.2 million was generated from local and international students compared with \$40.9 million from industry (Annual Report TAFE NSW:1995-1996). This makes local and international students the largest financial contributors to TAFE. However, individual students and international students are only secondary purchasers in the eyes of the government. Industry dominates the agenda of government policies. It is the interests and needs of the industries that should come before the wants of individual students (Anderson:1996).

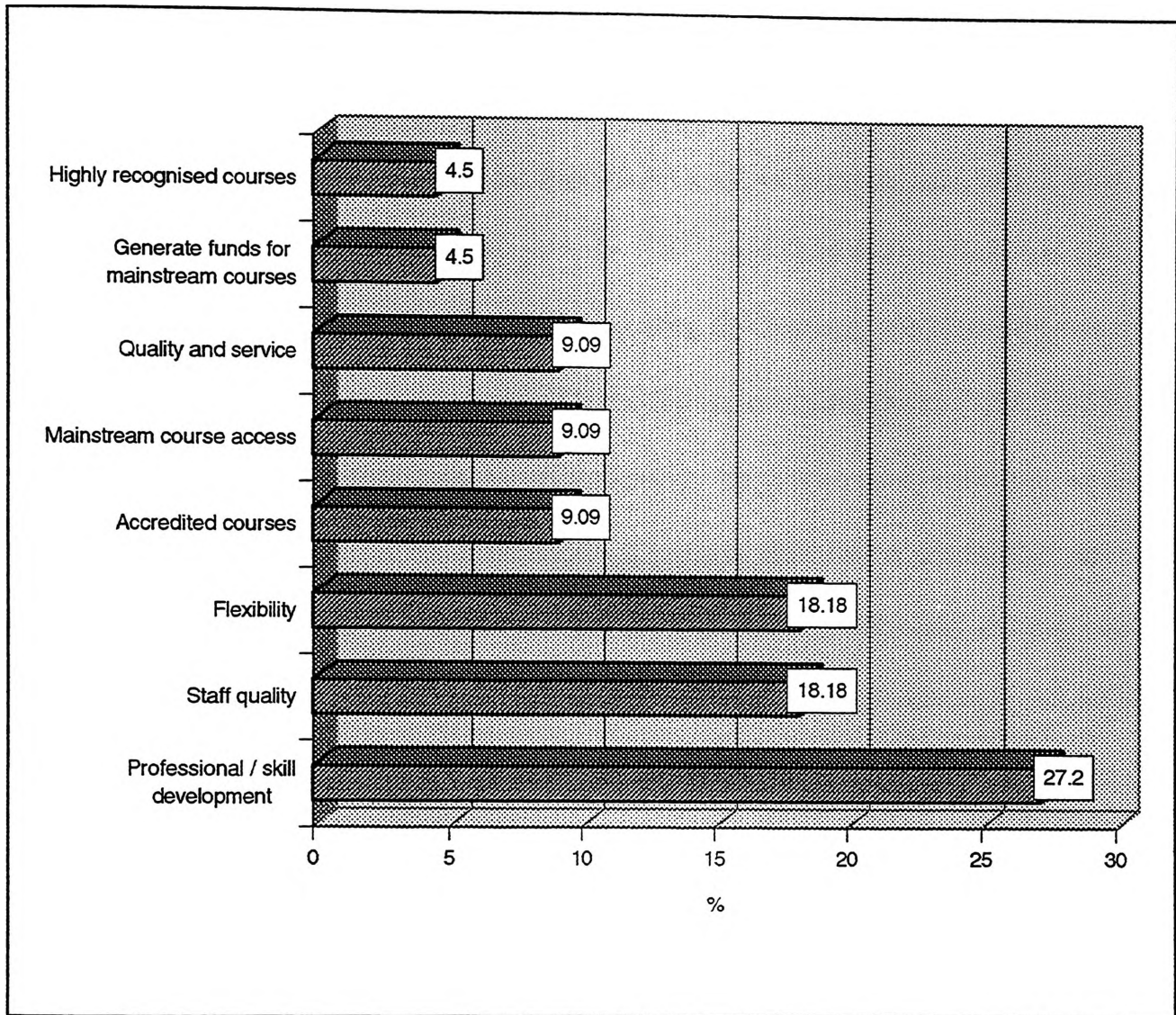
Kim Beasley in Change and Growth 2001 (1992) made the following statements that identified industries as the primary client.

"TAFE client is industry and a stronger focus on industry is needed

TAFE Institutes/Colleges must continue to develop client centred approach in which needs are served to continuous planning, consultation and evaluation. TAFE is not simply to run courses or produce graduates but to assist industry in meeting well-defined objectives" (Laver:1992:2).

At the Illawarra Institute, meeting social obligations is increasingly viewed as less important. It is perceived by some senior management that catering for disabled

Figure 4 **Benefits of commercialisation to students**



Source: The University of Wollongong Survey, 1996

students is an economic cost and a drain on resources, rather than the Institute's social and legal responsibility.

The impact of this is that the provision of services to disadvantaged students is seen as a problem. One of the senior managers argued that:

"....it has to be understood that private providers are our competitors, and going to have to provide that same level of service, and when you are providing assistance to people that need assistance, like we do, people that have disabilities and learning difficulties, that sounds very costly, in terms of teaching resources. There is a time that I think TAFE does not think through, and properly negotiate the training and learning contract for each individual person that has a disability, and should TAFE be the only organisation that does it. We had examples, where we have people that cost us a lot of money to do courses, whereas, their own self-esteem might have been far greater, if they had been able to do short sharp quick things.....some of the things TAFE has done, for example, teaching people to drive, because of their intellectual and physical impediment will never be able to drive, then why do we do it?. (Interview with Senior Management, 10 July 1996).

This line of thinking only serves to exacerbate inequality and deprive people who are already disadvantaged the opportunity to further themselves. How long TAFE will remain open and accessible to the needs of the disadvantaged groups is an issue that needs to be worked through if TAFE would like to continue to be the pre-eminent provider across the field. The Kangan philosophy for technical and further education for lifelong learning of individuals, and of access and equity is

starting to disappear as the pressure on TAFE to become economically self reliant becomes intense.

Staff involved in commercialisation at the Institute were asked how they saw the benefits of commercialisation for students. The respondents viewed the professional/skill development for students as the major benefit of commercialisation because the courses provided at the Institute are directly relevant to their jobs. As shown in Figure 4 twenty seven per cent (27%) of responses supported this. It is important to note that here the respondents were talking about those students sent by the industry to obtain training at the Institute. This is followed by the quality of staff and flexible delivery where 18.18% of the respondents' perceived benefits of commercialisation to students because they (teachers) bring with them the new skills and knowledge to their mainstream classes. The accredited courses, mainstream course access, and quality of service, ranked as the third important benefit to students. Those who estimated that funding for mainstream courses would benefit students, and those who considered highly regarded courses, represented a small proportion of the responses.

One of the senior management believed that students benefited from commercialisation by being able to complete the course in a shorter time frame and being able to do it according to their own needs (Interview with Senior Management:20 July 1996). However, it is important to remember that students who are sent by the industry to be trained at TAFE are there because of the industry's decision, not their own. While the short term benefits of commercialisation to students are identified, there are long term impacts as well, in terms of equity and open access by individuals to enter into the courses. The reduced funding for the

Labour Market Programs and other special programs will stop prospective students from entering TAFE courses.

The Teachers Federation also believes that commercialisation will downgrade the standard of TAFE provision of services because TAFE will be forced to market courses cheaply to be competitive in tendering for business. It is believed that this will affect the whole community because workers will not get the quality training that they require and need. TAFE will be forced to lower its standard to compete with private providers. It further argued that commercialisation is being used by the government to justify funding cutbacks.

In addition, Fooks (1995), argued that the tendering process, particularly in the labour market programs in the public sector, produces a lot of dissatisfaction. TAFE's competitive advantages are often overlooked in the tendering process due to failure to define properly the product which is subject to tender. While it may appear that the product is similar to those on offer by the private providers, the reality is that the TAFE product is different because of the extra amenities provided. For example, educational and personal counselling, health services, canteen facilities, student loans, accommodation and employment assistance, child care facilities, tutorial and language support, comprehensive library facilities and many others.

Selling curriculum is also a very good example of how the standard of training is lowered. More and more curricula are being sold to industries and put in workplaces so that industries can train their own people instead of paying for training at TAFE. According to a Teachers' Federation delegate there are no teaching skills involved. This concept known as self paced learning, could degrade teaching standards. This is also true with modulation subjects, where students only learn a

certain module. The implications of this is that they become trapped in one particular skill that would make it hard for them to move from one job to another. (Interview with Teachers' Federation delegate, 29 July 1996).

While competition has its positive side, finding strategies that would better improve efficiency and better ways to service the needs of the TAFE clients is paramount.

The deterioration of support services provision is another area of concern for students. The cutbacks on college budgets forced the Institute management to squeeze into the budgets of the so called 'non-essentials' (Anderson:1996).

Given that the individual and international students at TAFE are the major financial contributors, they have entitlements equally important as the clients from industry and enterprise. Unless TAFE can demonstrate its dual role to society, its existence will be threatened in the long run.

Benefits of commercialisation to staff

Figure 5 reveals the staff's positive perception of commercialisation with 63.6% indicating that commercialisation enhances skills and career development due to opportunity for industry contact, new experience and networking, whilst few saw it as a means for employment security and an increase in income.

To be able to understand the reasoning behind the above responses, it is important to look at the underlying rationale. Factors, which influence staff perceptions about the benefits of commercialisation are very obvious. One must look at the respondents background. The majority of the staff involved in commercialisation came from a teaching background. This accounts for 73% of

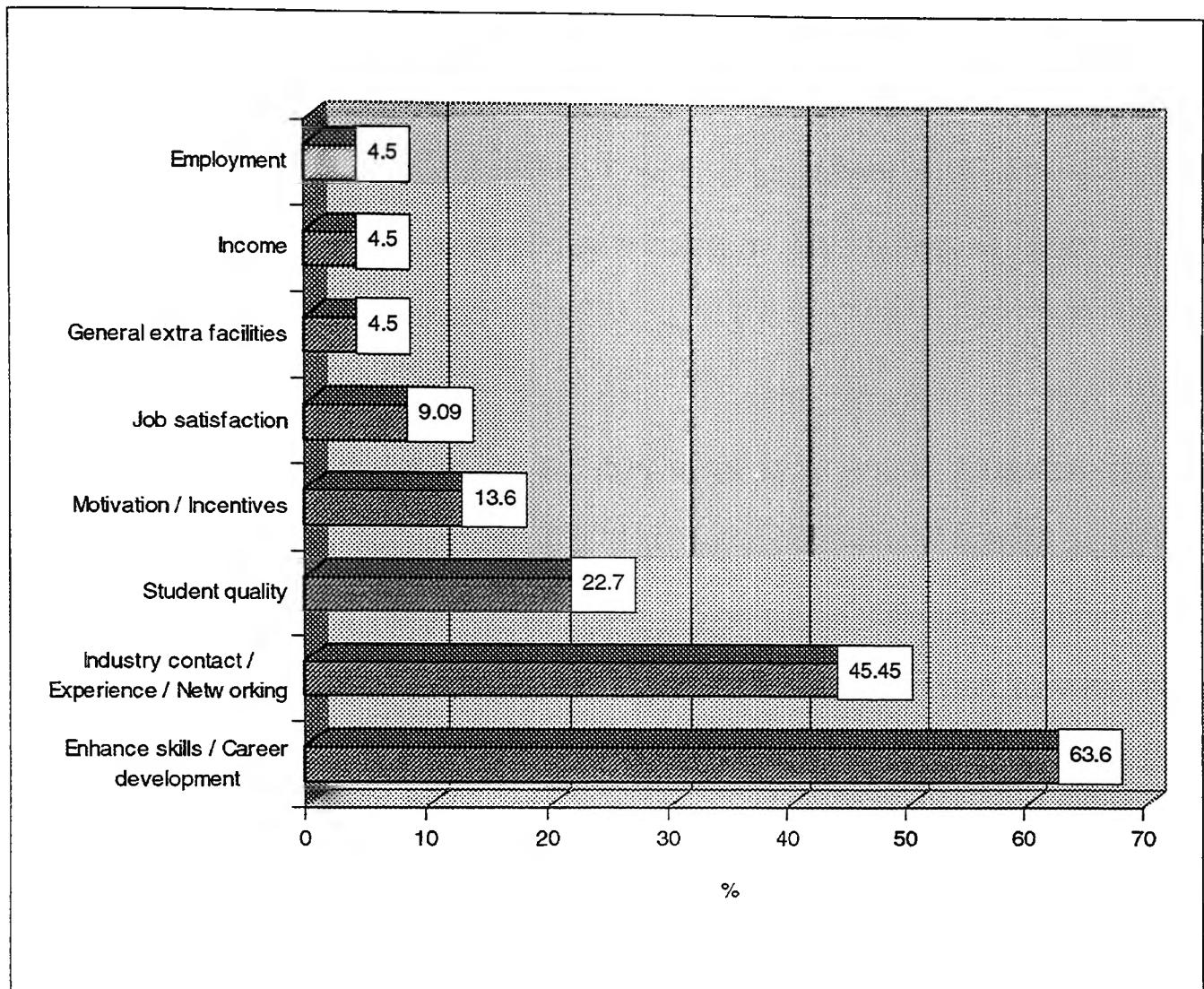
responses, the other 27% came from an administrative background (See Table 3). None came from business or private enterprise. It is also interesting to note that 81% have been working at TAFE for over five and to maximum of 21 years. It could be expected that being involved in something new and different would be considered as challenging.

One of the senior managements claimed that "as far as teachers being promoted to Head Teacher or Head of Studies position, the opportunities are very limited. Irrespective of what teachers do, or their current knowledge of service or job performance, there is no incentive for people to excel, get themselves abreast of what is going on, and maintain links with industry through TAFE's commercial operations. The senior management felt that staff will always give their best although there are no tangible benefits (Interview with senior management, 9 July 1996)".

The senior management were divided in their views of the benefits of commercialisation to staff. The differences of responses may be attributed to the type of Faculty the teachers came from. An interview with another Head of Studies from Engineering Services claimed that:

"The involvement of staff with industry provides a challenge and maintains a continuous contact, in fact, some of my staff had the opportunity to be recruited back into industry to fulfil TAFE's requirement on the "Return to Industry" principle to upgrade their skills".

Figure 5 **Benefits of commercialisation to staff**



Source: The University of Wollongong Survey, 1996.

"Staff are also getting cross fertilisation in the Faculty due to the knowledge and skills through industry contacts as well as an understanding of what the industry contact requires during the "Return to Industry Program (Interview with Senior Management, 20 June 1996)".

He also saw commercialisation as a way of keeping staff on the job because, if staff do not accept the changes to the working environment or the new direction of TAFE, they might find themselves without a job (Interview with Senior Management, 20 June 1996).

The Teachers Federation does not see any benefits to staff from commercialisation and therefore are not supportive of it. Union delegates claimed that the perception of the management that commercialisation would make the organisation efficient is far from the truth. The union delegates claimed that commercialisation has led to staff exploitation in such a way that non-standard employment has become more and more common, that there are more teachers now working on a part-time basis than ever before. The establishment of two TAFE English Language Centres at City Institutes (Sydney and North Sydney Institutes) on a commercial basis allowed TAFE to employ more part-time English teachers. This, according to the Federation delegate is an example of how commercialisation exploits staff to generate profit. The absence of security of employment, and the increased workload puts pressure on staff (Interview with Union Delegate, 4 September 1996).

According to a Teachers Federation delegate, staff redundancy has become common at TAFE during recent years because of commercialisation. The School of Fashion is a good case study. Teachers were made redundant as they were underprogrammed due to the reduced number of courses. The Teachers Federation

claimed that the major reason for this change was the pressure from the large industries on the TAFE system to offer courses that suit their particular needs. Despite the demand from Small Business, an area where TAFE could have been more successful in attracting business, TAFE chose to cater for large industries instead, thereby losing the Small Business sector (Interview with Union Delegate: 4 September 1996). Example of areas of Australian fashion industry that TAFE could have been more successful of catering for is the area of craft, canvas goods, couture, headgear, bedding, upholstery, and clothing. These are the areas that TAFE deleted because of its desire to cater for the needs of big industry.

TAFE is also becoming more focussed on performance indicators rather than emphasising teaching. TAFE is seeing more and more of the business culture which placed the value on competencies in the workplace. This, according to the Federation stops people from being more critical and independent. The focus of learning has become very narrow because management tends to value those skills that would help them make the most money.

In Dr Gregory Ramsey's article about the 'Future Directions for Technical and Further Education; he predicted that 'TAFE will gradually develop and change in the period ahead. The absence of research orientation at TAFE, critical appraisal of the process, and sufficient understanding' of what we do will gradually change (Ramsey:1996).

In conclusion, the quality training market can only be provided by people who have the expertise to make it happen. TAFE has dominated the VET system for over 100 years. With the emergence of other providers, TAFE has perceived commercialisation as a way of maintaining its presence in the market place and to be

recognised for its excellence in the provision of education and training for different groups of people. With TAFE heading towards a new direction, it has created uncertainties for its workforce and the community it services.

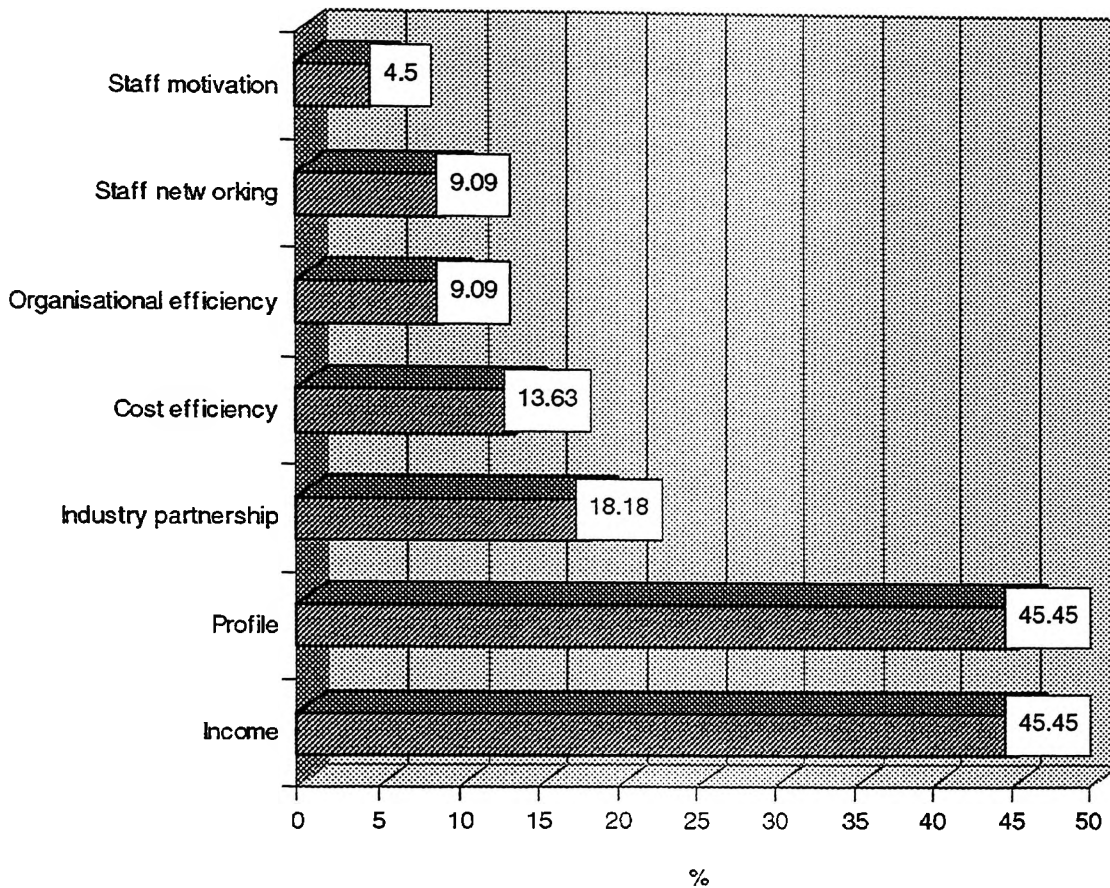
Benefits of commercialisation to management

A majority of those surveyed (45.45%) regarded generating an income and enhancing profile as the most important benefits of commercialisation to management. Interestingly, this evaluation does not coincide with the evaluation by the respondents on the benefits of commercialisation to staff. Whilst partnerships with industry and cost efficiency were evaluated (45.45%) as the second important benefits, only a few (13.09%) responded that the cost efficiency (13.63%), organisational efficiency (9.09%), staff networking (9.09%), and staff motivation (4.5%) as less important.

To realise the vision of TAFE, staff need to support and require skills to prepare them to understand the new direction TAFE is heading. Education of staff is also required throughout the Institute so that the economic goal of the Institute is understood. Paying attention to human resources is necessary in order to instil commitment and forward looking among staff. As one of the senior management argued, 'teachers that came to TAFE recently who are highly skilled and motivated are worn down by the system. One of the reasons why teachers come to TAFE is it is seen as a public service and with some sort of employment security involved in the position. If TAFE wants to be responsive, competitive and commercially oriented, it

Figure 6

Benefits of commercialisation to management



· Source: The University of Wollongong Survey, 1996.

needs a different set of employment conditions" (Interview with senior management:9 July 1996). Only then will the Institute be able to stand up for what it is trying to achieve.

The next chapter examines the perceptions of staff and management about the hindrances for successful commercial venture at the Illawarra Institute. The result will give us an idea about the impediments in implementing this strategy.

Chapter V Employees perception about the hindrances for successful commercial venture at the Illawarra Institute of Technology.

Lack of management and staff support

Figure 7 shows the employees perception about the hindrances to successful commercialisation at the Institute. To examine the barriers, employees were asked to identify the issues. The major barrier to growth in the training market, according to (45%) was lack of management and staff support. The predominant perception among the commercial staff is that there was evidently a lack of planning of effective marketing strategies at the Institute.

Bureaucracy

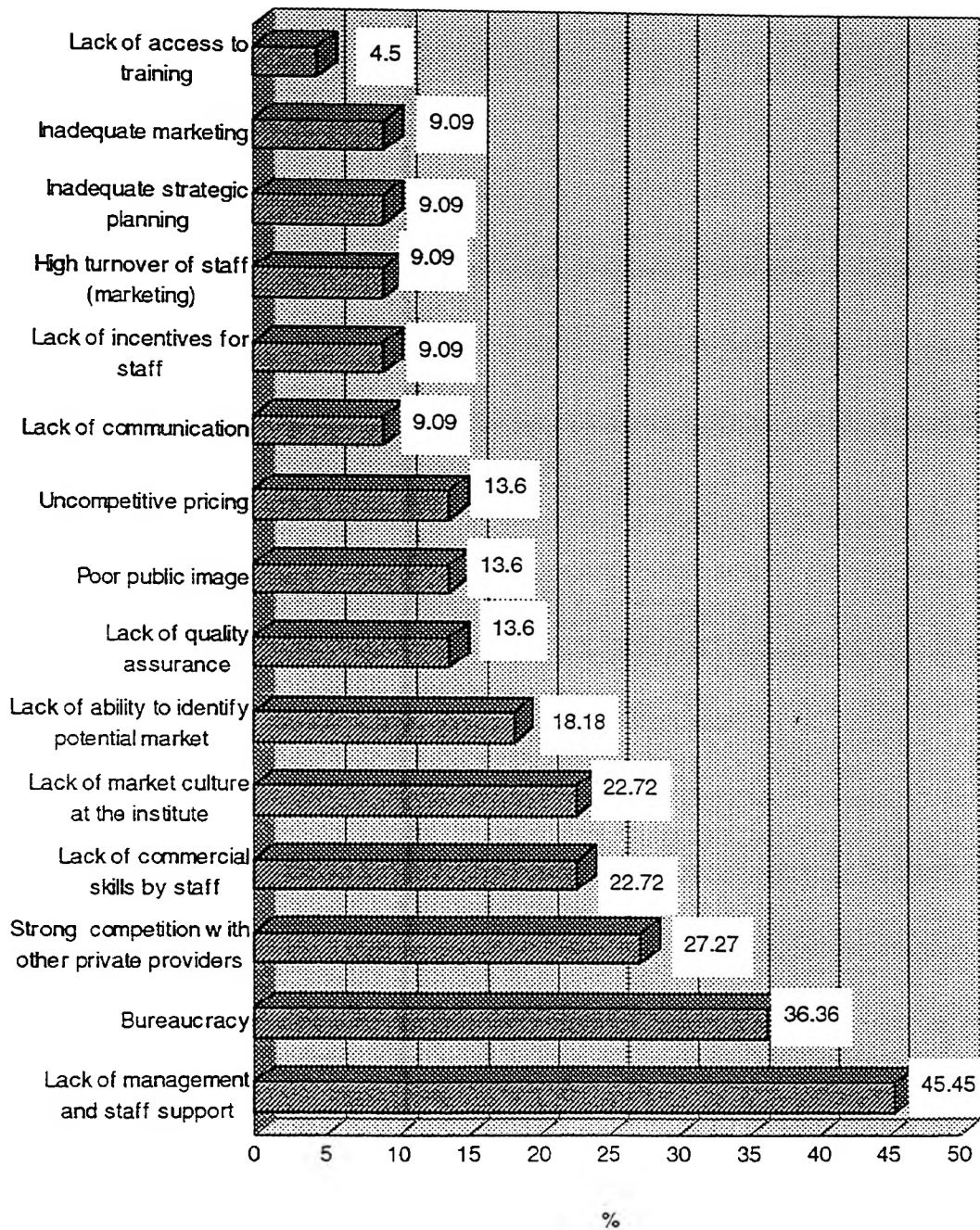
Bureaucracy (bureaucracy means unnecessary government rules, procedures and regulations) is perceived as the second major problem by 36% of the employees who believed, that in order to be responsive to the needs of clients, bureaucracy needs to be reduced.

Unlike private enterprise, the public sector was perceived by respondents (36.36%) as highly bureaucratic. This was one of the major differences between the public and the private sectors.

It is not only staff but also management who saw 'bureaucracy' as a major impediment to successful commercialisation at the Illawarra Institute of Technology.

One of the Senior Managers believed that staff are restricted in the decision making process despite the fact that staff are paid 'good money'. She believed that not all staff should have to seek approval to do things, senior staff should be

Figure 7 **Hindrances for successful commercial venture at the Illawarra Institute of Technology**



Source: The University of Wollongong Survey, 1996.

empowered to make decisions (Interview with Senior Management:10 July 1996). In a commercial environment, the ability to make quick decisions is paramount. The amount of paperwork and the many people that need to be consulted before a decision is made does not match with the principles of commercialisation. Bureaucracy can cause frustration among staff, low morale, poor motivation and commitment.

Strong Competition with other Providers

The introduction of an 'open training market' and the recognition by the Australian government of the role of the non-government providers has caused some concern for TAFE administrators because it has now to compete with other providers for funding.

TAFE is new and inexperienced in the commercial world compared with other providers. The TAFE system has been shaped and driven more by government policy and the political agenda rather than market forces.

The emerging elements of government policy like decentralisation, national competition policy, flexibility, and other aspects of micro-economic reform are being tested in the context of commercialisation at TAFE. These micro-economic reforms are initiated by business and government officials who lack experience and background about the education system. TAFE looks for a quick fix or short term solution rather than being guided by well-informed research and process specifically for its organisation. TAFE needs to be aware of the strength of its competitors, the nature of providers in the marketplace and the product it offers.

In an interview with one of the senior managers, it was suggested that the most appropriate response to increasing competitiveness is to improve performance by increasing TAFE's flexibility by using its teaching staff and reducing teachers' salaries (Interview with Senior Management:2 July 1996). Another senior manager revealed that the resistance from staff to deliver courses on the industries sites affects TAFE's competitiveness. He believed that increasingly, employers are looking for programs to be delivered on-site and often teachers are not prepared to teach in what they see as sub-standard teaching conditions. He added that employers have the choice of using a number of training providers and if the Institute (TAFE) is not prepared to do the work, others will. He believed the staff are far too rigid in what they are prepared to do because TAFE is such a regulated organisation (Interview with Senior Management:14 June 1996).

An area of concern to one of the senior managers is the nature and the level of government regulation which is almost non-existent for the private providers. He also added, that because staff cannot be rewarded for work, (this is because of the limitations in the enterprise agreement where teachers are not allowed to work more than three hours overtime) they choose not to be TAFE teachers, but take on the role of private teachers when providing training out of their enterprise agreement hours. They are, in effect, competing with TAFE and their own job. In many areas, TAFE staff has become the Institute's biggest competitors. He added that "staff has the right of private practice outside their commitment to TAFE and it is very difficult not to approve applications for the right to practice privately within existing TAFE's business rules and he needs some very strong evidence if he is not to approve the application for private practice. He added that working outside TAFE will interfere

with TAFE teaching duties and teachers will use their expertise in competition with TAFE. There are also problems with copyright issues. TAFE resources are being used e.g. electrical property, all these sorts of issues" (Interview with Senior Management, 14 June 1996).

One of the major problems, when it comes to competition with TAFE and private providers is lack of understanding of the role that they should both play in the training arena. The role of TAFE needs to be redefined in the 'open training market'. The recognition by the government of the role played by the private providers in the Vocational Education & Training and its encouragement for the registration of private providers and their opportunity to run accredited courses similar to the courses conducted at TAFE has caused confusion for both sectors. It is also significant that a thorough investigation is being conducted into the private providers to ensure non-duplication of services is provided. At the moment, very limited information is available regarding private providers which makes it difficult to determine the specific role both have to play in the open training market.

At the Illawarra Institute, there is a total absence of information about local private providers except for some short surveys which narrowly focussed on the perception of the Institute's provision. This has made it difficult for the Institute to position itself in the open training market. The recommendation made by the Senior Management for the reduction of teachers salary so that TAFE would be more competitive is based on a premise that it is dangerous in formulating genuine training reform. It is therefore important to comprehensively define the potential of the Institute and to capitalise on this, instead of attacking teachers' wages as a way of increasing competitiveness and productivity.

Lack of Commercial Skills by Staff

The staff's lack of commercial skills is another important issue raised in this section of the survey where 22% of the employees indicated that this is one of the major problems. The lack of ability to identify potential market opportunities could have been attributed to the lack of marketing skills by staff, with 18% of the respondents seeing this as a significant issue. Staff who are working in commercial activities at the Institute came from a teaching or an administration background. Since the introduction of commercialisation at the Institute, the tasks of the teachers and other staff have changed. One of the major changes is that teachers are required to perform extra tasks that were not included in the award in order to reduce the number of new positions needed. Teachers are expected to possess certain skills that have little to do with classroom teaching. They were turned from 'educationalists' to 'business consultants'. They were expected to have a range of functions; visit and work on site with industry; travel within Australia and overseas, and be able to persuade potential clients to buy TAFE products. Despite the changing expectations from these 'new roles for teachers, the 1996 Institute Training Program shows that very little in terms of training and preparing the teachers for this new direction of TAFE is provided. There is a great need to redefine the role of teachers and re-examine the teacher's award to determine whether it is still applicable in the current circumstances. A great deal of research and investigation is also required in order to design the right training mix to assist staff to be well-informed.

Lack of Market Culture at the Institute

Historically, TAFE colleges have been essentially conservative and system-

driven compared with their private sectors counterparts. The traditional role played by TAFE colleges in promoting access and equity poses a major concern in terms of formulating policies in the move towards a market-based system of VET provision and even shifting into a more market based culture. As mentioned in the earlier part of this section, senior management is starting to question whether TAFE should be the 'sole provider' of the 'free charges' courses or concentrate on providing the 'training market' courses.

The traditional culture that promoted educational access and social equity as its major responsibility is starting to fade. One of the Institute's senior managers is concerned that the requirement to fulfil the objectives in an open training market will place colleges at a distinct competitive disadvantage against its private provider counterparts (Interview with senior management: 2 July 1996).

This is one of the major issues confronting TAFE in the provision of diverse and complex human services such as education. The policy makers need to recognise that there are barriers to change. Unless these barriers are recognised and acted upon, TAFE will loss its identity.

The Illawarra Institute has always operated within a very traditional and highly bureaucratic system. The introduction of commercialisation at the Institute requires a shift to a totally different culture to fulfil its major objectives. A stronger market culture is desirable but the transition is often difficult because of the impediments faced by the decisions makers and the people who deliver the service. The dual role that TAFE now has to fulfil to deliver the traditional social equity programs and compete in the new open training market, created confusion amongst staff.

Other hindrances for successful commercialisation, according to the respondents are; lack of quality assurance, poor public image, uncompetitive pricing, lack of communication, lack of incentives for staff, high turnover of staff, inadequate strategic planning and marketing, and lack of access to training.

Senior management however, have identified four main areas that they perceived are the main hindrances for successful commercialisation. These can be classified as political, poor leadership, inflexible industrial relations system, resistance from Teachers Federation and others.

Political issues

'Politics' affect every part of the NSW Public Sector. Both the Federal and State governments are involved in the TAFE sector. According to the respondents political problems are major hindrances in commercialisation. Politics are almost non-existent issues in the private sector, but this is not the case in the public sector.

In an interview with senior management, political intervention was one of the major issues raised. One of the senior managers believed that most of the time the policies, administration and operation of TAFE (to a large extent) is controlled by the government. He added that the management become just simply an implementing body. He went on saying

"....our role is to implement the policies of the government today, and if you do not particularly like it then you always have the option of leaving, that is the bottomline, whether you like or not, what the government does is irrelevant (Interview with Senior Management:14 June 1996).

Management also believes that the political agenda and personal interests come first before anything else. Government decisions are very much influenced by the political agenda. This alone makes it difficult to foster genuine training reform.

As stated by one of the senior management:

"We need to look at political issues. The government is too scared to make the decision because of the election. In some cases even if you have some initiatives, you only get a few people jumping up and down at the local politicians and the decisions are already made. We need to be a bit distant with local politicians" (Interview with Senior Management: 9 July 1996).

Poor Leadership

One of the major ingredients in the success of the organisation is good leadership. This is even more crucial during the transition of the organisation to a totally different method of operation. The problem with leadership at the Institute is one of the major issues noted in the APHIS survey of staff and management. Staff believe that it is important for the management to gain the confidence and trust of staff if they (management) have to lead the change. It also appeared from the survey that the role of the senior management is not clear enough particularly where it affects the relationship between senior management and other staff. This is most noticeable in the area of communication where there is lack of face-to-face communication and feedback to staff on Institute wide issues (APHIS:1995:6).

An interview with senior management confirms that this problem exists. One of the senior managers admitted that the Institute management lacked the skills to succeed and become effective managers compared with the private providers. The following comments were made during the interview.

"TAFE managers have poor training in management. Like myself for instance, I have no formal training in management....no training or experience in business planning. You cannot compare TAFE Managers with the private sector. In some cases, (we have) people with the wrong calibre with the wrong background and training. TAFE does not invest enough on training. We have a conference once a year, that's about it (Interview with Senior Management:9 July 1996)".

Inflexible industrial relations system at TAFE

The government is very positive about the new role TAFE is playing in a competitive open training market and it has predicted that competition will succeed at TAFE. It projected that further productivity will be achieved in 1997-1998 (Annual Report TAFE NSW:1995-1996). The key objective of the open training market is where the public provision is not only limited to public providers like TAFE but also to other providers. It advocates that TAFE should be able to match the private providers. It has conveniently forgotten that there are barriers in the public sector that are almost non-existent in the private sector in commercialising its services. As mentioned in the last section of Chapter 3, industrial disputes at TAFE NSW have increased dramatically in 1995-1996. Industrial disputes are expected to increase as the parties continue to have divided views about the micro-economic reform at TAFE

particularly in the area of commercialisation. If the government continues to ignore the importance of industrial relations in commercialisation, reform will not only become difficult for the people who try to deliver it but also for the people who were TAFE's reason for existence. This case study provided some insights into the implications of commercialisation for industrial relations as an important area that concerns the staff and management. The industrial relations system in TAFE precludes it from competing on an equal footing in direct marketing activities. This is often ignored by those advocating reform in the vocational and education training market.

This same inflexible industrial relations system at TAFE, according to management, is one of the major impediments for successful commercialisation. It is believed that if the Institute wants to be competitive and commercially oriented, it needs a different set of employment conditions because the current industrial relations system does not facilitate effective and efficient commercialisation. Industrial Relations needs to be modified to allow flexibility" (Interview with Senior Management, 9 July 1996).

One of the senior managers doubted whether commercialisation can be successfully implemented at TAFE considering that it is a highly regulated organisation and these regulations are not compatible with the business procedures. These regulations are designed for a totally different role that TAFE has formerly played as a service provider only. Even the personnel and staffing issues are not particularly applicable in a market-oriented organisation. He further argued that to be successful in an open training program it requires more freedom to negotiate working conditions with staff. In other words the management should be able to

negotiate with its employees regarding working conditions. He added that the inflexibility of the current award and enterprise agreement is not desirable in running a commercial operation.

In order to illustrate this, he cited the following example: "The terms of the enterprise agreement between the Teachers' Federation and TAFE, calls for teachers to have 36 teaching weeks per year, 5 preparation weeks and 11 weeks leave, that makes a total of 52 weeks. Once the teacher teaches part of one week, so that apart from teaching mainstream students, if you want to use them to do commercial work of say, one day in any of the other five non teaching weeks, they are entitled to a full teaching load week during the 36 usual TAFE teaching weeks so that there is a barrier to teach more weeks during the year. Once a full time teacher teaches above the 19 hour teaching load, he/she must be paid overtime rather than the cost of them being involved in the program, this becomes extremely expensive. We are supposed to be paying part-time teachers a teaching load. We would make a lot of our commercialisation more viable if we could use our teachers beyond the enterprise agreement (Interview with Senior Management, 14 June 1996)".

The above quotation from one of the managers demonstrates the problem of utilising the expertise of staff in commercial activities. While the flexibility of using labour is one of the ideal ingredients in commercialisation, management is concerned that the current industrial relations regulations are not relevant to the business operation at the Institute.

The Teachers Federation, on the other hand, believes that if teachers are forced to work beyond the award and enterprise agreement this will threaten the educational standards because it has been proved before that teachers cannot

satisfactorily teach and work a lot of overtime at the same time. He (interviewee), believed that if teachers want to work overtime, they will do it for economic reasons. Therefore, he asserts that it is better to pay them a proper salary than force teachers to work over time in order for them to have a decent standard of living. He added that there are TAFE managers who would like to put flexibility on teachers working hours. This, he believes will wreck the system if implemented (Interview with Union Delegate:25 September 1995).

The union delegate deals with staff on a day to day basis and has encountered problems that she believes were a direct outcome of commercialisation. The Union delegate claimed that other teachers who witnessed what happened to the Fashion Teachers at Wollongong West, who have been retrenched, also felt threatened. Teachers at the Butchery Section who witnessed what had happened with the Fashion Teachers at Wollongong West were willing to relinquish their working conditions in order to save their jobs. Teachers were asked to work 27 hours (an extra 8 hours per week) instead of employing part-time teachers for a couple of weeks. This according to the Union Delegate is just the start of teachers working beyond the award and enterprise agreement in order to save their jobs. The union delegate also claimed that the Institute is becoming a stressful work environment. There are more grievances now than before. There are more managers now who are perceived as oppressive and inhumane and the workplace is becoming a stressful working environment for employees (Interview with Union Delegate:29 July 1996).

The management also believed that carrying surplus staff tends to make TAFE a high cost producer compared with other training providers and this becomes a barrier to successful commercialisation because surplus staff is considered as a cost

to Institute. (Surplus staff is the result of restructuring of TAFE. The surplus teachers in the School of Fashion are a good example of how teachers lost teaching hours due to training reform). In the private sector, staff can easily be made redundant during an economic downturn. At TAFE, there is no provision for compulsory redundancy and therefore, this, according to the management, made it difficult to sustain surplus staff in the system. There is also a very limited ability to transfer surplus staff to other parts of the State or to other parts of the system or even use them in the commercial operations (Interview with Senior Management:14 June:1996).

The salary level of TAFE teaching staff compared with trainers at private providers is also a big issue according to the management in comparing the level of competitiveness. TAFE teachers' salaries are high compared with private providers and therefore TAFE is already disadvantaged in competing with private providers. If a TAFE teacher chooses to work for another employer, he/she would not be paid the same rate as a TAFE employee. If TAFE teachers choose to teach more hours than specified in the enterprise agreement, it cannot be done without putting them on contract because according to the enterprise agreement they are only allowed to work 3 hours overtime. There is also a problem with peer pressure, if teachers want to step outside of the boundary of the enterprise agreement (Interview with the Senior Management:2 July 1996).

The Institute management recommended that to achieve real competitiveness, there is a need to look at the labour cost. At the moment, 80% of government outlay is labour. This is not surprising in a labour intensive organisation. Another suggestion is to increase productivity in order to make TAFE prices competitive. At

the time of writing this thesis, a memo was distributed to all the staff from the Acting Institute Director identifying the areas of the Institute that could improve savings and or increase productivity. Management is seeking to utilise underprogrammed staff in those sections with declining student enrolments, either through retraining, or contracting out staff to perform duties for outside organisations. It was suggested that underprogrammed staff can also be utilised to provide support and teaching for disabled students and to perform duties other than teaching such as coordination. It was also predicted that by the middle of January 1997, the Institute should be able to estimate the productivity gains from this strategy (see appendix 5). The problem with this strategy from the TAFE perspective is that training is considered as a cost to be minimised, although it is an essential cost of production. The commitment of the Institute management to invest in retraining underprogrammed staff depends largely on the training allocation for 1997. Another important issue that needs to be addressed is the very specialised skills possessed by teaching staff that might make it difficult to transfer them to another section, even in utilising them in commercial activities.

Reducing the number of management positions in order to save cost is another strategy put forward by the Institute management in order to increase productivity. It is important to remember that these positions were created as part of restructuring the Institute into the 'Faculty Model'. Prior to the Faculty Model, these positions did not exist. Possibly, management came to realise that these positions were not required at all.

The management also suggested that if TAFE does not want to reduce costs, perhaps the government could subsidise the cost, so that TAFE can compete,

this would make it more costly for TAFE to offer products at less than cost in the market (Interview with Senior Management:2 July 1996). In the final analysis, however, the Management and the Teachers Federation appeared to disagree on the extent of utilising and maintaining the existing staff, (despite the existence of the enterprise agreement). The Teachers Federation is concerned about jeopardising educational standards by introducing flexibility (beyond what is specified in the teachers working conditions). Management however promotes the training market principles which contrasts with the 'social equity' concept pursued by the Teachers Federation.

Resistance from the Union

According to management, the ability to use the expertise of teachers was resisted by the Teachers Federation. Interviews with Union delegates, confirmed this view expressed by the management. This disagreement between the management and the union on the role of commercialisation in restructuring the TAFE sector for the purpose of increasing competitiveness became one of the major impediments to commercialisation at the Institute. While the management sees the potential of competing in an open training market, the union believes that commercialisation will destroy equity and the provision of a national standard vocational education to the public. The Union made it clear that it is not supportive of commercialisation because it does not support the idea of providing quality service to the public and community (NSW TAFETA Stop Work Meeting:19 October 1995). In addition it was also claimed that it encourages inequity because those students with money will get the courses that they want. They see the role of TAFE as a public service provider

(Interview with Union Delegates:29 July 1996:4 September 1996:25 September 1996).

One of the union delegates made the following claim:

"If TAFE operates on a commercial basis, the provision of TAFE will shrink. To measure TAFE's existence based on the ideology that it does not make money, this commercialisation is no good, the marketplace is the determinant for good or bad (If this is followed). Then a lot of TAFE will disappear. The public will suffer. We cannot ignore that commercialisation is taking place but we can try to do something about it (Interview with Union Delegate:26 September 1996)."

One of the major problems in initiating change in TAFE sector is lack of involvement and participation by the Union in the process of change. The resistance comes from within the organisation due to its inability to communicate the vision of the organisation and involving Union in the decision making process.

The Teachers Federation generally considered educational access and equity as public sector responsibilities and these might disappear due to the management's desire to compete. The Teachers Federation is however concerned that an 'open training market' will place its member and the community in a disadvantaged position.

Tensions between the TAFE management and union increased as the growing industrial disputes led to working days lost totalled to 2,442 in 1995-96 (Annual Report TAFE NSW:1995-1996). This is partly attributed to continuous micro-economic reform. The unions found themselves against the government's rationalisation process. Government attempts to rationalise TAFE to increase productivity were rejected by the Unions.

Extra tasks that the respondents have to do as a result of involvement in commercialisation

Without doubt the introduction of commercialisation at the Institute has challenged the staff. Some have perceived commercialisation as a 'new venture' or 'something new' after years spent inside a classroom. The majority suggested that commercialisation is an opportunity to further their career development through skills enhancement, industry contact and networking. Some even indicated that motivation and job satisfaction are positive effects brought about by commercialisation. There is no doubt that commercialisation has achieved positive attitudes from some staff, but its negative impact cannot be ignored. Staff seem willing to participate in commercialisation if the existing management and industrial barriers are removed. Finding the way to do this is a major industrial relations challenge at TAFE.

Extra tasks or workload on teachers and even management is one of the impacts of commercialisation. To gauge how many hours staff are obliged to work on top of their normal working hours, the majority indicated that they would need to work an average of 10-20 hours extra per week, including even weekends, in order to meet the work demand. These are the hours for which respondents are not being paid. It is important to look at the 'hidden costs' in providing commercial training in order to adjust the cost structure for a particular project and also to determine the impact of this in the educational provision as well as the impact on the personal life of teachers. Below is a list of extra tasks that respondents now have to perform as a result of commercialisation.

Table 5 Extra tasks by the respondents as a result of involvement in commercial activities.

Tasks	No	%
Administration	11	50
Preparation of Teaching Material	12	54.5
Marketing	5	22.7
Costing	4	18.18
Data Base Maintenance	1	4.5
Industry Liaison	6	27.2

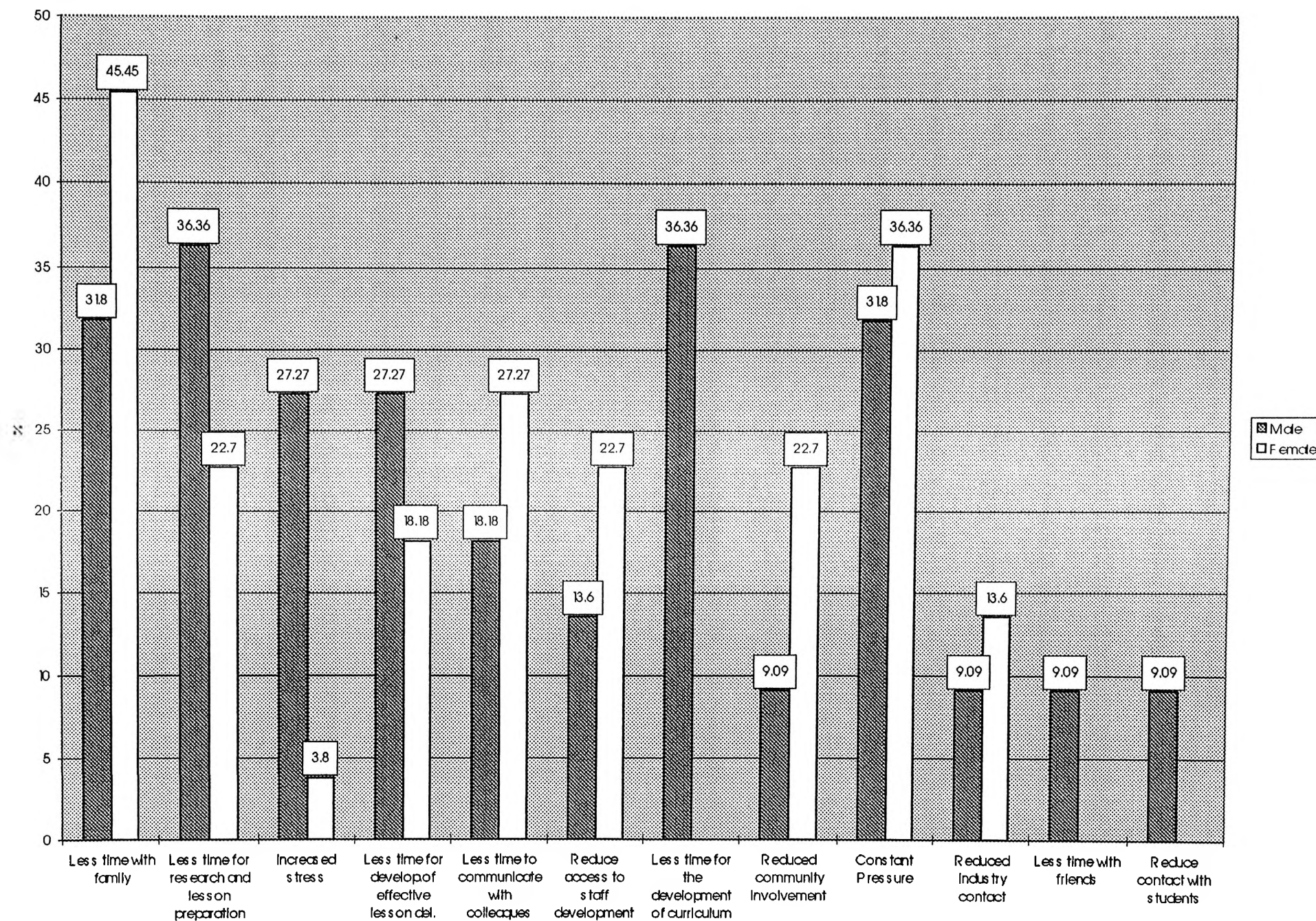
Source: The University of Wollongong Survey, 1996.

As shown in Table 7, 54.5% of the respondents revealed that preparation of teaching material is an additional work load that they now have to do as a result of commercialisation. Whilst 50% of the respondents said that administrative duties brought an extra workload 27% believed that industry liaison, costing, data base maintenance and marketing were additional tasks.

Figure 8 summarises the responses for the areas that respondents have to sacrifice in order to cope with the workload. It is important to note the variation of responses here according to gender. The most likely effect, particularly on women, is personal life rather than professional duties. Forty six per cent of women revealed that they now have less time to spend with their family because of the extra work required as a result of commercialisation. Some of them even indicated that they

Figure 8

Things that respondents have to sacrifice in order to cope with the workload



Source: The University of Wollongong Survey, 1996.

have to give up their weekends and personal time to complete the work. Male employees were not too affected by the extra work load on personal time. Only 31.8% of them believed that they spent less time with their family.

Research, lesson preparation and development of curricula is the second largest area that respondents revealed that they now spent less time on now than before. It is interesting to note, that there is a great variation in male and female responses. Whilst 38.36% of males indicated that they spend less time now in the development of the curriculum, none of the females indicated that this affected them at all. This is similar to the research and preparation of the lesson material where 22.7% of female respondents and 36.36% of male respondents revealed that the effort to do these tasks has been reduced due to involvement in commercialisation.

Constant pressure is also experienced by staff, 36.36% of women and 31.8% males believed this was brought on by commercialisation. It is obvious that there is a variation between male and female responses. It seems that males are more likely to be affected by constant pressure. This constant pressure has led to increased stress among 27.27% of males and 3.8% of females.

Communication with colleagues is reduced due to the increased workload. Twenty seven per cent of females and 18.18% of males indicated that they have less time to communicate with colleagues. Access to staff development has also been reduced. The majority of the 22.7% females compared with 13.6% males reported that their access to staff development has been affected.

Reduced contact with students, industry and less time with friends are also some of the implications of the extra work load.

Decentralisation

The decentralisation of TAFE operations was perceived by the government as one of the strategies in reforming the TAFE operations.

During the last five years, the devolution of management and administrative activities to the Institute has increased dramatically. In 1992, the downsizing of the Head Office increased the devolution of functions at the Institute level (O'Reilly:1992). In 1995, the rationalisation of the Central Support Unit and the abolition of several training divisions forced the Institute to accept and perform the tasks previously performed centrally (Change Management Report:1995).

The TAFE management believes that the decentralising operations, will lead to the creation of an additional 5000 student places, more equitable use of resources and increased staff participation in decision making. In order to determine whether decentralisation is the best alternative, the staff were asked in the survey, what they thought are the advantages and disadvantages of decentralisation.

As shown in Figure 9, 86.36% of the staff believed that decentralisation would increase the authority for the Institute to manage its own affairs. At the same time, 36.36% of the staff, as shown in Figure 10 were concerned that decentralisation would increase the Institute's management capacity for local variation of employment conditions, and this, according to 45.46% of the respondents, might lead to the erosion of working conditions, and 22.78% believe that labour shedding or job losses would be another impact of allowing the Institute management to have more authority.

One of the great advantages of decentralisation, according to the respondents, is the capacity of the Institute to respond to special regional customers' needs,

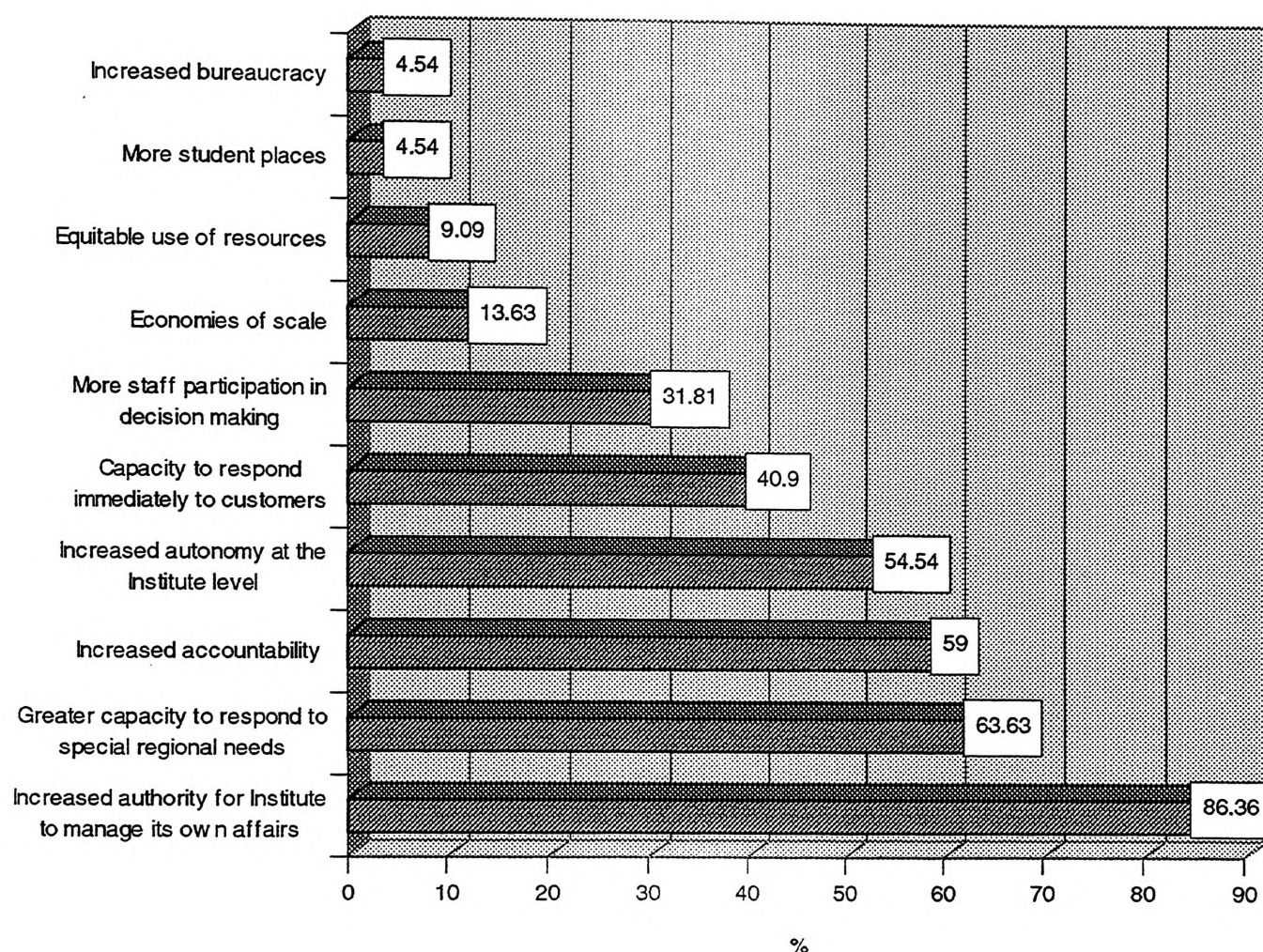
increased Institute autonomy and accountability. Respondents were sceptical about whether decentralisation would increase staff opportunity to participate in decision making, economies of scale, and equitable use of resources.

It is interesting to note, however, that the survey showed a great contrast between TAFE management and staff expectations of the outcome of decentralisation. As mentioned earlier, TAFE management believes that decentralisation will result in economies of scale, equitable use of resources, and more student places, staff however believe the opposite. Only a very small proportion indicated that decentralisation would increase bureaucracy.

Fifty nine per cent of the respondents said that competition among Institutes all tendering for funds is a large concern in decentralisation. Institutes are now encouraged to compete with each other for funds. This, according to 50% of the respondents would weaken the Institute's credibility in the community. Only a small proportion of respondents believed that decentralisation would lead to increased training cost.

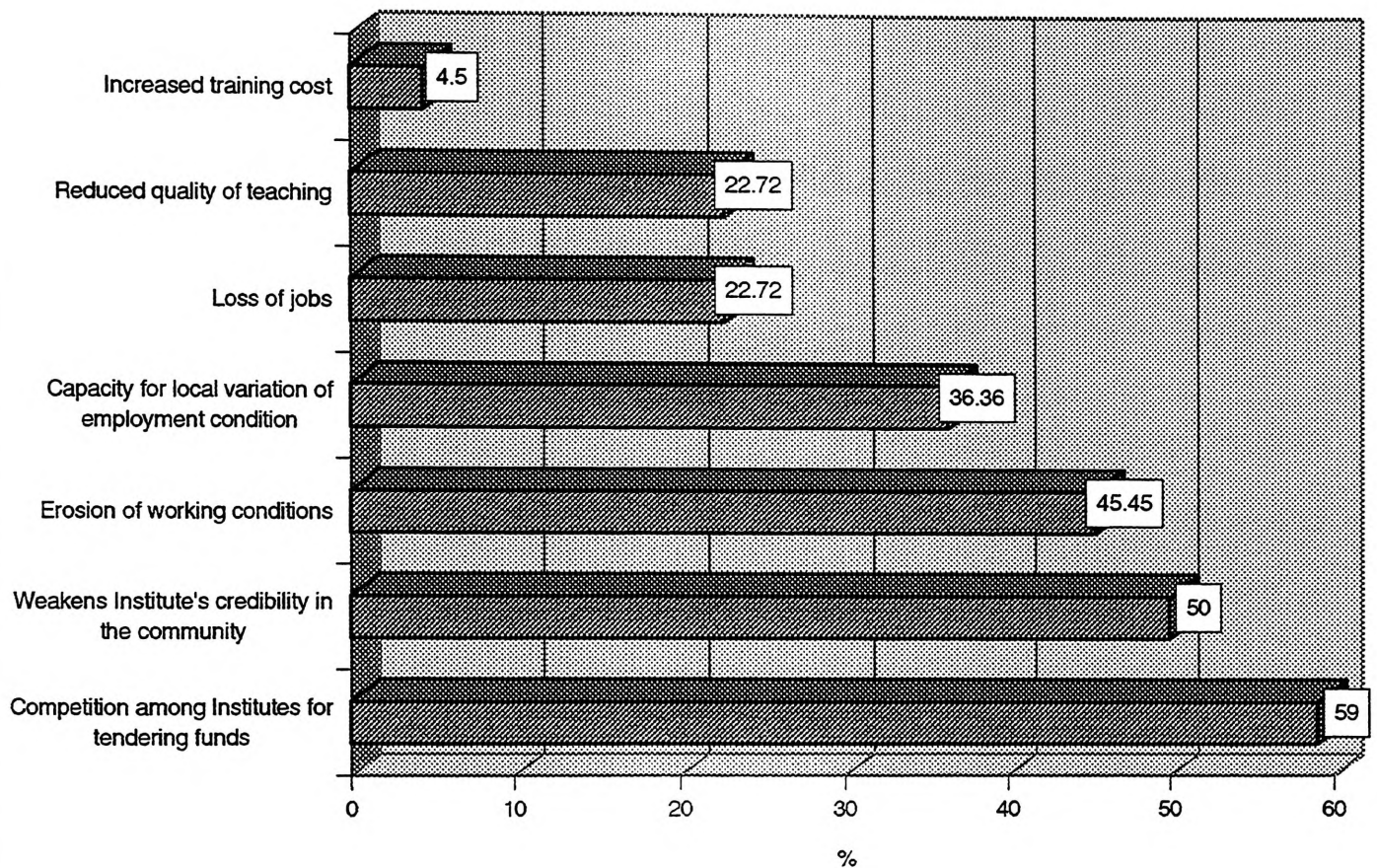
In analysing the role of decentralisation, the same strategy was adopted by the NSW government to enhance productivity and to rationalise other government organisations and agencies. It sought to promote the type of infrastructures within which providers have operated with increased flexibility. The government view that decentralisation would make organisations efficient contrasts with evidence in the Public School Education system. Martin (1994) concluded that decentralisation led to competition between schools for students and moves to make schools more entrepreneurial, diverted resources away from teaching and learning. Head of Schools were expected to play the role of business managers instead of educators.

Figure 9 Advantages of decentralising management and admin activity to the Institute



Source: The University of Wollongong Survey, 1996.

Figure 10 Disadvantages of decentralisation to the Institute



Source: The University of Wollongong Survey, 1996.

An enormous amount of administration work was shifted from central authorities to the schools without additional staff. This caused resentment among teachers (Martin:1994). There is little evidence to prove that decentralisation improves efficiency and productivity of educational organisations, and that it has placed severe pressure on management structures in TAFE. This has reduced the capacity of the organisation to meet other organisational challenges such as corporatisation.

Whom respondents think best looks after their interests at work.

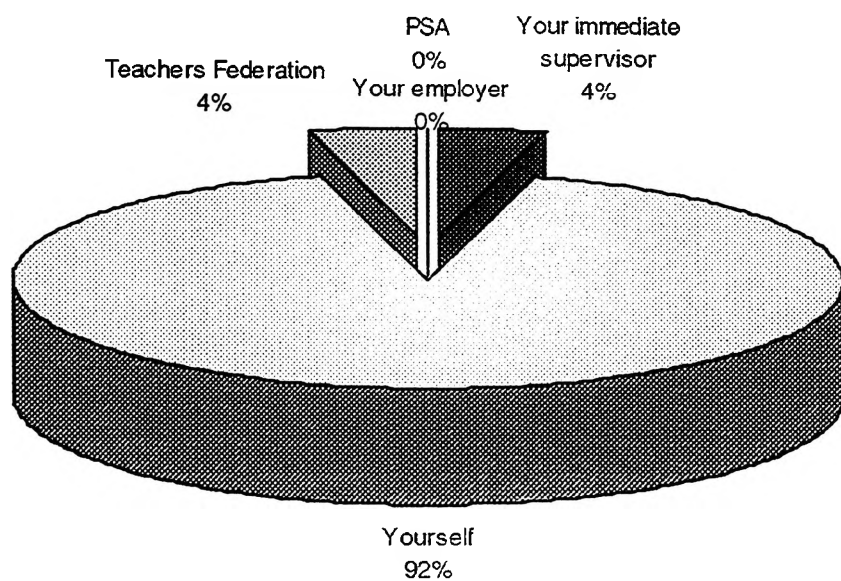
In order to determine the respondents' views about who best looks after their interests at work, responses are summarised in Figure 11.

The majority of the respondents considered that self promotion was the only way of ensuring that their interests were served. Figure 11 shows that 92% of the respondents considered themselves as the one responsible for their own interests at work, whilst only 4% of the respondents believed that the Teachers Federation and their immediate supervisor best looks after their interests at work. Markey's study (1988) on white collar workers in the NSW public sector, shows similar results. This could be attributed to the fact that these staff have high levels of education and possess a high degree of self confidence.

Ways to improve the implementation of commercialisation at the Institute

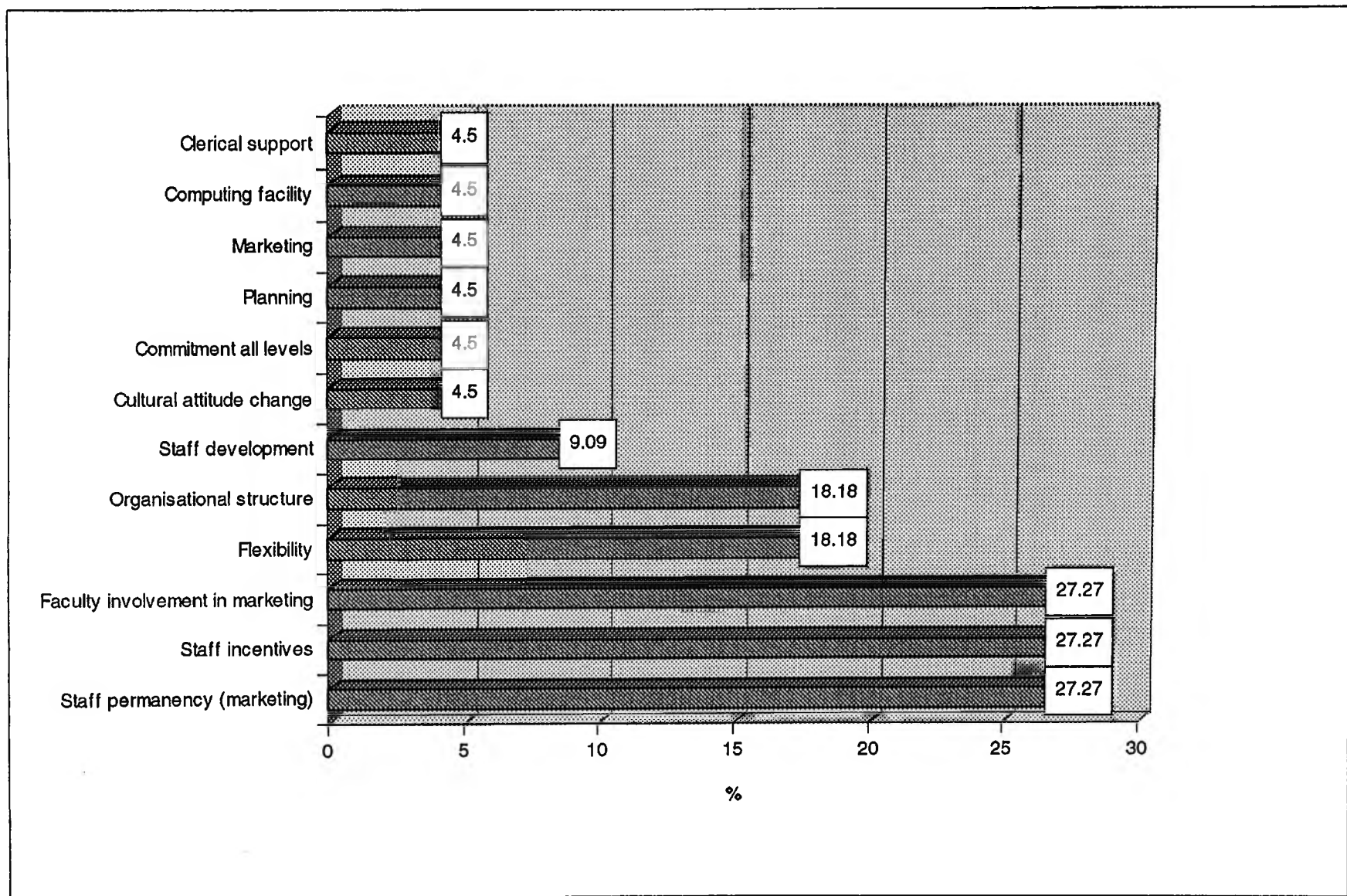
The respondents were asked to make recommendations in improving the way commercialisation is implemented at the Institute level. As shown in Figure 12, 27.27% of the respondents suggested that staffing is an important area that the

Figure 11 Who do you think best looks after your interest at work



Source: The University of Wollongong Survey, 1996.

Figure 12 **Ways to improve the implementation of commercialisation at the Institute**



Source: The University of Wollongong Survey, 1996.

management should investigate. (Staff who are involved in the open training market are employed under contractual arrangements at the time of writing this thesis. The high turnover of contract staff made it difficult for them to establish rapport with the clients. Although the Illawarra Institute Business Centre has been in operation for the last six years, staff are still being employed on a temporary and contractual basis. The instability of employment not only affects the way services are delivered but also fails to give these staff motivation and full commitment to their job because they realise that sooner or later they will be replaced by others.

Teachers should be up-to-date with industrial needs is another recommendation by management to improve the implementation of commercialisation at the Institute. The majority of the senior managers interviewed believe that many of the teachers have not changed their attitudes from the time they were recruited until the present. Management argued that teachers would not consider meeting with industry at all. Some managers are concerned that the reluctance by teachers to have contact with industry would prevent them from learning about new developments in the workplace that would affect what students are taught and in general, preventing TAFE from becoming more competitive (Interview with Senior Management:2 July 1996).

Lack of staff incentives is another issue that respondents believe needs to be addressed in terms of access to staff development and training. This is in terms of recognition of staff achievement. There is also a need to provide incentives and share material reward to the Faculties from the income generated through commercial activities in order to encourage their participation.

Greater flexibility is another issue that respondents believe needs to be looked at as to ensure competitiveness at the Illawarra Institute. As discussed earlier in a section of this thesis, the rigid structure at TAFE is one of the hindrances for successful commercial operation. As shown in Figure 12, 18% of the respondents saw the pricing structure at the Institute as the main hindrance to successful commercialisation. The senior management are divided when it comes to charging TAFE commercial clients. For some, teachers' wages is one of the major reasons for the Institutes' lack of competitiveness in the market place and recommended that either teachers' salary should be reduced or teachers' productivity increased to make the Institute prices more competitive. The management also believed that if the Institute cannot put flexibility into its pricing under the present industrial relations condition, the government should therefore allow the Institute to offer its products at a lower price than the cost in the open training market (Interview with Senior Management:2 July 1996).

Some managers saw the pricing at the Institute as too low considering that the Institute has been operating for over 100 years and has established its name in the community. There is also the added issue of the qualifications required of TAFE teachers compared with trainers in the industry. Therefore, decision makers should probably need to look at changes in TAFE's operations that would facilitate flexibility.

Greater flexibility is not confined to cost structure but also with being able to operate with greater freedom in using staff in the way that is required in a move to a market oriented system at the Institute. The management recommended that there is a need for an enterprise agreement between the Illawarra Institute and its staff rather than a statewide agreement. It believed that this would help Illawarra Institute

to be more responsive to its customers' needs because staff would see that they are supplied with the structures that are specific to their needs.

The management also saw the Statewide Teachers Federation as a hindrance to a successful commercial venture because its strength lessened the management's ability to get on and do their job as required in the context of emerging competition. He added that if the Federation breaks into small groups, its present power will inevitably decline (Interview with Senior Management:2 July 1997).

The management also believes that the strange working arrangements and high salary level of teachers means that the Institute is already disadvantaged in competing with private providers and therefore recommended that these issues require further investigation (Interview with Senior Management:2 July 1996).

The Teachers' and Educational Staff's enterprise agreement states that teachers are not to work more than 3 hours overtime. However, if teachers want to work outside TAFE, they can work as many hours as they like. The management argued that there is nothing to prevent them putting teachers on contractual arrangement if they want to employ them outside their normal teaching hours. Because TAFE pay more than other providers, the management cannot understand why the enterprise agreement is so rigid on what teachers may do within the industrial relations award. Management claim that even if teachers preferred to ignore the rules, often peer pressure prevents them from doing so (Interview with Senior Management:14 June 1996).

The Teachers Federation claimed that if teachers worked more than 3 hours overtime this may jeopardise the quality of the educational standard. However, the

management believes that if they do not work extra hours for TAFE, they will do it for other providers anyway.

There is some reason for the Teachers Federation to be concerned about the number of hours teachers should be allowed to work. This is an issue that management has given the authority to monitor. The right for private practice and the introduction of contractual arrangements are some of the mechanisms that allow greater flexibility on the part of the staff and management to step outside the enterprise agreement. Informal arrangements as discussed in an earlier section of this chapter are also happening at the Institute where working arrangement (teachers working extra hours, beyond what was specified by the enterprise agreement without putting them on a contract) are agreed upon between the management and staff. These are the working arrangements that management and teachers were not able to countenance before.

Despite the industrial relations developments at the Illawarra Institute (and TAFE in general) to allow greater flexibility, senior managers and staff still believe that the inflexibilities within the TAFE system prevents it from succeeding in the open training market. There is a general feeling that the current system is extraordinary painful, inhibitive and restrictive, and it is certainly doing nothing to enhance the image of staff, management, and organisation and most importantly to the Institute position in the open training market.

Faculty involvement in marketing

As shown in Figure 12, 27.27% of the respondents saw this as a major issue in improving the implementation of commercialisation at the Institute. The involvement

of the Faculty was seen as an important strategy in generating business. The Faculty Income Forum was established to enhance the participating of the Faculty in marketing the Institute products. It is also one way of educating members of the Faculties about commercial activities and generating their input.

Senior management saw the 'marketeers' as a combination of teaching staff and commercially trained staff. Teachers being more concerned with processes of education and relating directly to clients (students). On the other hand, the commercial staff are those who are concerned with the products and who try to reach both the commercial and mainstream audiences to buy the TAFE products (Interview with senior management:).

The management also believe that the current cost structure prevents the Institute from being competitive.....that there is a risk that TAFE will be left as a "community service provider", running courses in "country areas" where private providers would not want to go. This will also result in a large part of TAFE business going to private providers. Considering this argument, the management recommends that cutting on the current cost, particularly on labour, is the way to generate more business.

It is doubtful if the recommendation by the management to reduce teachers salary has any chance of success. In fact, a salary settlement between the Teachers Federation and NSW TAFE Commission provided a 15% salary increase to all teachers and education staff. This salary increase will be payable over a three year period commencing 1 July 1996. In return for this increase, the following efficiencies are sought; flexible teaching loads and attendance patterns, redefinition of the role of the teacher, professional development, variation to working hours inclusive

between 6.00am and 10.00pm - Monday - Saturday and new criteria for the establishment of promotional positions. The establishment of Head Teacher positions will be based on needs of teachers and students rather than the hours allocated. There is also an option for teachers to be credited for hours worked in agreed weeks of non-attendance. The productivity improvements from this agreement is yet to be determined (see appendix 6).

One of the senior managers also recommended that the Institute should not use the income generated to supplement the budget but to improve the facilities. "If we aim to improve our facilities we will be in a much better position to provide better service to students" (Interview with Senior Management:20 June 1996).

From the responses, it is clear that a great deal of thought about educating the staff and the public about the new directions of TAFE is paramount. Staffing is also an important area that needs to be investigated. It appeared from the responses that a great deal of work is required to improve the implementation of commercialisation. Additional important areas that are needed, such as looking to streamline the organisation, improve support from the finance unit and employee services, greater education of staff about commercialisation at the Institute, employee and management relationship, education of staff about marketing, commitment at all levels, planning, marketing and the ability of the management to make decisions.

Chapter VI Conclusions

The main argument in this thesis has been that commercialisation cannot be successfully implemented at TAFE under the current industrial relations system due to the organisational rigidities in TAFE. Advocates of micro-economic reforms in the public sector took no account of the extent of the inadequacies of the TAFE industrial relations system to accommodate the shift to a more 'market and results' oriented type of ideology. These issues were the subject of a survey, conducted at Illawarra Institute of Technology (TAFE) which focussed on the impact of commercialisation on industrial relations policy presently in force at TAFE. The results of this survey showed that industrial relations issues have been generally overlooked or ignored in the rush to reform vocational education. The survey results clearly suggested that there are impediments to successful commercial operations in the TAFE system. The transformation of TAFE did not materialise without pain. Staff morale is low, commitment is poor and productivity has not improved. Yet, there is willingness amongst the staff to embrace commercialisation but organisational impediments cannot be removed.

This thesis has produced evidence that there is lack of understanding among staff and management about the current role of TAFE in the open training market. It has been suggested that there is a need to re-examine the role of TAFE and its teachers, educational support staff and other staff, in the open training market generally. Only with a clear understanding of the role of TAFE and its staff in the training reforms, is it possible to design the best policy mix for TAFE.

This thesis has also highlighted the inadequacies of the industrial relations system in the public sector to accommodate the commercialisation strategy. It is

important to have a clear understanding of the issues prior to advocating reform in order to understand whether the expected outcome of the commercialisation could materialise. Writers, like Hughes (1994), who claimed that the importation of private sector practices into the public sector would improve its performance, lacked understanding of the public sector system generally and did not consider its shortcomings. This thesis provides evidence that some private sector practices are not suitable in the public sector due to its unique structure and role. Although the government has moved away from its traditional role to a more market oriented type one, the shift has created conflict in the organisation. In examining the role of TAFE as a provider, there are obvious contrasts with the private vocational education sector. For instance, the primary role of TAFE at present is educational provision of equal access to all individuals and its secondary role is to compete in the open training market and to become a market leader in this field. Staff and management are confused over the issues and demand further clarification of TAFE's objectives.

There are striking differences between public and private sector practices which make it difficult to use the same methods of administration and operation. One of the significant differences is the political element embedded into the public sector system that has made it difficult to have long term planning. There is also evidence that the TAFE management has resorted to a 'quick fix' strategy such as cost cutting, labour shedding, and the introduction of non-standard employment like contractual arrangements in order to boost productivity. This strategy might work on a short term basis but not in the long term. This is not only true at TAFE but has become common practice in the public sector.

The relatively centralised system of operation at TAFE (in general) is

inconsistent with common business practice. TAFE's transformation into a more market oriented operation has placed strains on the existing management system. Survey participants were asked whether the current industrial relations system is suitable for TAFE operating in the open training market or whether the government should concentrate on TAFE meeting its social responsibilities. As the desire to generate income becomes more intense, social responsibilities have become less important at the Institute. One of the important questions that need to be answered is whether TAFE can continue to be a provider to all sections of the community or at least to all those who wish to use its services.

Areas that elicited most criticism among TAFE staff, in the survey, centred around the Institute's lack of leadership, bureaucratic attitudes, lack of communication, lack of employment security and increased workloads for staff generally. The results from the previous survey (1995) and the one recently conducted (1996) concur on the major issues. Generally, the level of staff dissatisfaction cannot only be associated with commercialisation, but results also from the structural changes at the Institute, brought about by the overall restructuring.

It is not possible to focus on any one dimension in determining the impact of commercialisation. The survey findings revealed that employers are the major winners in commercialising the vocational education and training system. The influence and power of major industries are pronounced in the provision and policies of the vocational education and training schemes. Some examples of the influence of major industries are reflected in the provision of courses specific to their demands, such as, flexible delivery conducting courses on site, customised courses, user choice, competitive tendering, and competition. There are indications that both the interests

of the individual student and TAFE staff have been sacrificed for the sake of the current needs of the employers.

The TAFE Management and the Teachers Federation have opposing views about the benefits of commercialisation. Some managers are optimistic that commercialisation will bring productivity and efficiency to the TAFE organisation but the Teachers Federation is critical about the concept and processes of commercialisation. It believed that commercialisation has shifted responsibility away from staff, undermined the high quality of service that TAFE has provided to the public, led to staff exploitation, put extra workload on teachers and affected the provision of training to the community in such a way, that workers will not get the quality training that they need and deserve. These opposing views led to a high number of industrial disputes in 1995-1996 (a total of 2,442 working days). Industrial disputes are expected to continue as both parties (management and union) continue to disagree on the current micro-economic reform in the TAFE system.

In the context of TAFE employees and management's perceptions regarding the hindrances to the successful commercialisation at the Illawarra Institute, the following issues were raised as major concerns; the lack of management and staff support; bureaucracy; strong competition from private providers, lack of commercial skills by staff, lack of market culture at the Institute, political issues and poor leadership. Most of the items raised in this thesis are directly associated with the very nature of the organisation. Unlike the private sector, TAFE which has been part of the traditional public sector, is experiencing a transitional period where business calculations are becoming an integral part of its micro-economic reform. Its private sector counterparts have, since their very conception, always operated in a

commercial environment. This, in itself, creates an enormous problem for TAFE in its transitional period.

Decentralisation is another strategy introduced and implemented at TAFE as part of its micro-economic reform. TAFE management has not fully justified the objective of decentralisation. The belief that decentralisation would make the organisation more efficient is far from proven. The results of this survey reveals that commercialisation has brought extra tasks to the Institute staff due to devolution of management and administrative activities from the Central Support Unit to the Institute level. Some of these tasks are: industry liaison; costing; data base maintenance and marketing of courses. The impact of this extra workload means less time for the preparation of lessons, research, and the development of curricula. This constant pressure experienced by staff has led to an increase in stress related problems. The time to communicate with colleagues has been reduced and the opportunity to attend staff development activities has also been affected, as well as contact time with students, and the erosion of private life. Decentralisation also resulted in competition among the Institutes in tendering for funds.

Recent developments at the Institute have focussed on commercial activities, and the survey results revealed that there are areas that need to be investigated in order for the Institute to be commercially successful. Temporary and contract staffing does not seem to support stability and a high standard of customer service. Lack of incentives for the staff and faculties is also another consideration. Greater flexibility in terms of service provision and the costing of the project and training is another area of concern. Teachers being up-to-date in teaching, education of staff about the

new directions of TAFE, commitment at all levels, strategic planning and marketing, and additional support staff.

Aligned with the multiple roles is the multiple objectives often implemented within the political environment. The inherent political environment in the NSW public sector makes it difficult to have long-term management and business planning. It is therefore important for TAFE to look at these issues, identify its role and objectives and design appropriate strategies and measures 'uniquely' suitable to its organisation.

Commercialisation is not working as expected because of many factors that needed to be considered before implementing it. Firstly, there are rigidities in the industrial relations system at TAFE. Secondly, staff and union remain inflexible despite the changes. Thirdly, the role of TAFE needs to be properly identified. The importation of private sector practices in business and management planning with a corporate style of management, performance indicators, enterprise bargaining, new managerialism, flexibility and productivity, labour shedding, and introduction of non-standard employment arrangements all need to be examined. These measures are not working at TAFE because it remains highly centralised and bureaucratic.

Finally, this thesis provided evidence that commercialisation cannot be successfully implemented in the public sector under the current industrial relations system. There are major constraints associated with the very nature of the Public Service. The dual roles of TAFE, as a contender in the open training market and as a traditional public service, have never properly been identified and reconciled.

This study recommends that the findings should form input to future planning on the further microeconomic reform at TAFE and the Institute level generally. For

the decision makers, it is important to recognise that there are both threats and opportunities within a commercialisation policy. It is not the intention of this study to offer policy suggestions at this level because this study looks at only part of the microeconomic reform (i.e. commercialisation) at the TAFE sector. However, it does highlight issues that are crucial for investigating before advocating and introducing reforms in the TAFE sector.

Bibliography

Alford, J. (1994) 'Thinking about the Demise of Public Service Boards in Commonwealth and State Governments' in M. Gardner, (ed) Human Resource Management and Industrial Relations in the Public Sector, Macmillan Education Australia Pty Ltd.

Anderson, D., (1996), TAFE: Enterprising or Educating? in The Australian TAFE Teachers, July, Vol 30 No 2, pp. 35-37.

Angwin, M. & McLaughlin, P. (1990), 'Enterprise Bargaining, The Business Council Reform Agenda', Labour and Industry, March, Vol 3. No 1, pp. 11-21.

Annual Report, (1993), Workcover Authority.

Annual Report, (1993-1994), NSW Technical and Further Education Commission, Corporate Planning Unit, St Leonards.

Annual Report, (1994-1995), NSW Technical and Further Education Commission, Corporate Planning Unit, St Leonards.

Annual Report, (1995-1996), NSW Technical and Further Education Commission, Corporate Planning Unit. St Leonards.

APHIS Communication & Management Solutions, (1995), Illawarra Institute of Technology, Customer Survey & Employee Opinion Survey: Key Findings.

Australian Bureau of Statistic (1995), Graduate Outcomes: Technical and Further Education, Australia, Australian Government Publishing Service, Canberra.

Australian Bureau of Statistics, Labour Force Australia, Catalogue No. 6203.0.

Australian Government Publishing Service, (1990), Reforming the Public Sector, Labour Research Centre Inc.

Australian Bureau of Statistics, (1995), Graduates Outcomes: Technical and Further Education, Australia, Australian Government Publishing Service, Canberra.

Aquilina, J. (1996) 'Responds to the Teachers Federation Concerns about the Restructuring', in Education, February, Vol 77 No 2, p. 19.

Baker, M. (1994), 'Training Down Under: An Overview of the Australian Experience' in R. McNabb and K. Whitfield (eds), The Market for Training, Sydney: Avebury.

Bennett, L. (1994), 'Women and Enterprise Bargaining: The Legal and Institutional Framework' in The Journal of Industrial Relations, June, Vol 36 No 2, pp. 192-211.

Blain, N. (1993), 'Enterprise Bargaining Overview', in The Economic and Labour Relations Review, Vol. 4 No. 1, pp. 76-97.

Botsman, P. (1990) 'The Moscow Papers' Privatisation, Corporatisation and Commercialisation: The Australian Experience, A paper for the Academy of National Economy, USSR Council of Ministers, Moscow. Evatt Foundation, Sydney.

Burgess, J. and Campbell I. (1993) 'Moving Towards A Deregulated Labour Market: Part-time Work and the Recession in Australia in The International Journal of Employment Studies, October, Vol 1, No 2, pp. 193-209.

Burgess, J., & Macdonald, D. (1991) 'The Labour Flexibility Imperative' in The Journal of Australian Political Economy, March, No. 27. pp. 18-35.

Burton, C., (1993) 'At Risk: Women's Progress in Workplace Bargaining, in Directions in the Government, June, Vol. 7 No. 5.

Callus, R., Morehead., A, Cully, M, & Buchanan, J., (1991) Industrial Relations at Work, The Australian Workplace Industrial Relations Survey, Australian Government Publishing Service.

Campbell, I. (1993), 'Labour Market Flexibility in Australia: Enhancing Management Prerogative?', Labour and Industry, October, Vol 5, No 3, pp. 1-27.

Castle, R., (1991), 'Microeconomic Reform and Public Sector Labour' in B. Head and E. McCoy (eds) Deregulation or Better Regulation, The Macmillan Company, Australia Pty Ltd.

Change Management Team, (1995), A Framework For The Future, A Report from the DTEC and TAFE Change Management Team to the Director-General/Managing Director on Restructuring Options, Final Report.

Chappell, C., Gonczi, A., and Hager, P., (1994), 'Kangan and Developments in TAFE Teachers Education ', in The Australian TAFE Teacher, Fourth Quarter, December, Vol. 28 No. 4, pp. 58-64.

Clarke, M. (1995), 'Three Tiers of Government Working Together; Implications of National Competition Policy', in Commercialisation and Competition in the Public Sector, Department of Administrative Services, Australian Government Publishing Services.

Coaldrake, P. and Whitton, H. (1996) 'Is There Still a Need for a Career Senior Executive Service' in P. Weller & G. Davis (eds) The New Ideas, Better Government, Allen & Unwin, Brisbane, Centre for Australian Public Sector Management.

Cobb, J. (1993) 'A Technical Education, A History of State Technical Education in New South Wales to 1949, Dee Why NSW.

Commonwealth Tertiary Education Commission, (1986), Review of TAFE Funding, Australian Government Publishing Service, Canberra.

Corderry, J., Walter, S., Mueller, & Sevasto, P. (1992), 'Multiskilling in Practice; Lessons From a Minerals Processing Firm' in The Journal of Industrial Relations, June, Vol. 34 No. 2, pp. 270-283.

Curtain, R., Gough, R., Rimmer, M., (1992), Progress at the Workplace: Workplace Reform and Award Restructuring, National Key Centre in Industrial Relations, Monash University.

Curtain, R. (1993) 'A New Job Structures in the Public Sector: Intent, Process and Outcomes' in M. Gardner (ed) Human Resource Management and Industrial Relations in the Public Sector, Brisbane: Centre for Australian Public Sector Management.

Davison, T. (1994), 'Competency-based Training (CBT) and Competency-based Assessment (CBA): Two Criticisms from a Reflective Practitioner' in The Australian TAFE Teacher, Vol. 28, No. 4, pp. 33-36.

Diplock, J. (1996), Memorandum to TAFE Staff on Progress Report on Restructuring Projects, 18 April.

Diplock, J. (1996) Memorandum to TAFE Staff on Approval of the New Structures and the Functions of Department of Training and Education and TAFE NSW, 14 December.

Directions in Government (1994) 'Are There Two Public Sector', February, Vol. 8 No. 1, pp. 30-32.

Directions in Government (1994), 'Performance Pay Rethink Needed, March, Vol. 8 No. 1, No. 12-14.

Directions in Government (1993) Reforming the Public Service: So Far So Good, MAB-MIAC, August, pp. 14-17.

Economic Planning Advisory Council (1993) Issues in Competition Policy, A submission by the Office of the Economic Planning Advisory Council to the National Competition Policy Review, Commonwealth of Australia.

Evatt Foundations (1990) Privatisation, Corporatisation and Commercialisation: The Australian Experience: A Paper for the Academy of National Economy, USSR Council of Ministers, Moscow.

Evatt Foundations (1994), A Degree of Difficulty?; Enterprise Bargaining in University, Evatt Foundation, Sydney.

Forsyth, P. (1994) 'Microeconomic Reform: Where To From Here?', in Policy, Winter, pp. 18-21.

Fooks, D. (1996) 'Reclaiming TAFE', In the Australian TAFE Teacher, April, Vol 30 No 1, pp. 28-32.

Gardner, M. (1993) 'The Final Step? The Devolution of Public Service Industrial Relations in M Gardner (ed) Human Resource Management and Industrial Relations in the Public Sector, Macmillan Education Australia Pty Ltd, Melbourne.

Gardner, M. & Palmer, G. (1992) Employment Relations, MacMillan Education Australian Pty Ltd, Melbourne.

George, J. (1992) 'Managed Decentralism or Deregulation'?, The Key Issue in Industrial Relations. In The Australian TAFE Teachers, Fourth Quarter, pp. 13-17.

Green, R. (1993) 'Analysis and Measurement of Productivity at the Workplace, Labour and Industry, March-June, Vol 5 No 1&2, pp. 2-13.

Hall, P. (1987) 'Public Sector Management and Fiscal Crisis'. In S. Frenkel (ed), Union Strategy & Industrial Change, New South Wales University Press.

Halligan, J. & Power, J. (1992) 'Political Management in the 1990's', Oxford University Press, Australia.

Hamberger, J. (1995) Individual Contracts: Beyond Enterprise Bargaining, ACIRRT Working Paper No 39, December, Australia, Centre for Industrial Relations Research and Teaching.

Harbridge, R. (1993) Employment Contracts: New Zealand Experiences, Victoria University Press.

Harris, K., (1995), 'Competency-based Approaches in Industry and Education' in The Australian TAFE Teachers, Second Quarter, pp. 21-28.

Hayton, G. and Loveder, P. (1992) Workplace Reform and TAFE; Four Case Studies. National Centre for Vocational Education Research Ltd.

Hilmer, F. (1993) National Competition Policy, Australian Government Publishing Service, Canberra.

Hodgkinson, A. (1996), Productivity Wage Bargaining in Local Government, Labour Market & Regional Studies Centre, University of Wollongong.

Hughes, O. (1994) Public Management and Administration, Public Sector Management Institute, St Martin's Press.

Joint Committee of Public Accounts (1995), Report 336, Public Business in the Public Interest: An Inquiry into Commercialisation in the Commonwealth Public Sector, April.

Keenoy, T. (1983) Invitation to Industrial Relations, Basil Blackwell, London.

King J. (1994-1995) 'Competition: The Missing Link in Australia's Privatisation Program, Policy, Summer, pp. 12-16.

Laking, R. (1994) 'The New Zealand Management Reforms', in Australian Journal of Public Administration, September, Vol. 53, No. 3, pp. 313-325.

Laver, P. (1992) Change and Growth: TAFE to 2001, National Board of Employment, Education & Training, Australian Government Publishing Service, Canberra.

Ludeke, P. & Swebeck B., (1992), 'Enterprise Bargaining a Practical Approach, The Federation Press Pty Ltd.

Lunberg, D. (1994) Decentralisation of Public Vocational Training in New Zealand and Two Australian States, International Labour Office, Geneva.

Lydall, H. (1995) 'The Australian Labour Market' in Australian Bulletin of Labour, March, Vol. 21, No. 2, pp. 3-32.

MAB-MIAC (1992) The Australian Public Service Reformed: Task Force on Management Improvement, Australian Government Publishing Service, Canberra.

Macken, J. (1989), Award Restructuring, The Federation Press.

Marginson, S. (1993) "Productivity and Efficiency in Education". Australian TAFE Teacher, Australian TAFE Union, Third Quarter, Vol 27 No 3, pp. 91-108.

Markey, R. (1988), Employee Responses to Technological Change in State Employment, A Case Study of the NSW Public Service, Riverina-Murray Institute Press.

Martin, R., (1994), Devolution and Decentralisation; The Structure of Australian Schooling, The Queensland Teachers Union.

McCallum, R. McCarry, G. and Ronfeldt, P. (1994) Employment Security, The Federation Press, CCH Australia Limited.

McDonald, D. (1975) 'The New South Wales Public Service Industrial Relations System, in Journal in Industrial Relations, September, Vol. 51, No. 133, pp. 272-286.

McKinlay, P. (1987) 'Corporatisation: Changing the Relationship Between Ministers and Enterprises, Corporatisation: The Solution for State Owned Enterprise, in Australian Journal of Public Administration,

Mellors, (1993) 'The Commercialisation of Common Services Provided by the Department of Administrative Services: Outcomes and Emerging Issues', In Australian Journal Public Administration, September, Vol. 52 No. 3, pp. 329-336.

Moore, B. (1989) 'Developments in New South Wales Public Administration'. In Australian Journal of Public Administration, June, Vol. 48, No. 2, pp. 109-121.

Neil, N. (1991) Technically & Further, Sydney Technical College 1891-1991, Hale & Iremonger Pty Limited.

New South Wales Department of Technical and Further Education, Spanners, Easels and Microchips:(1983), A History of Technical and Further Education in New South Wales 1883-1983, Sydney.

New South Wales TAFE Commission Teachers and Other Educational Staff - Salaries and Condition Awards, 1996.

New South Wales Department of Industrial Relations, Employment, Training and Further Education (1993), Enterprise Bargaining at Work; A Review of Enterprise Agreements in the New South Wales Public Sector.

New South Wales Commission Teachers and Other Educational Staff - Salaries and Conditions Award (1996).

Niland, J. (1989), Transforming Industrial Relations in NSW, NSW Government Printing Office.

O'Donnell, M. (1995) 'Decentralised Human Resource Management: Work and Employment Relations Within Two Parts of the NSW Public Sector, in International Journal of Employment Studies, April, Vol. 3, No. 1, pp. 109-123.

O'Reilley, B., (1992), Illawarra Institute of Technology: Organisational Structure.

Out On A Limb (1996), TAFETA Branch Newsletter, 25 September.

Peoples, K. (1995) 'Workplace Reforms in TAFE', in The Australian TAFE Teacher, June, 2nd quarter, Vol. 29, No. 3, pp. 2-9

Peoples, K. (1996), 'The Second Wave', The Teachers Federation News.

Plowman, D. (1994) 'Enterprise Bargaining and the Public sector: The Case of the Civil Aviation Authority', Paper Presented at 8th AIRAANZ Conference, Sydney, 10-12 February.

Preiss, B. (1994) 'Enterprise Bargaining in the Public Sector', in Australian Public Administration, September, Vol. 53, No. 2, pp. 348-355.

Public Service Association (1995), 'Memorandum: TAFE Surprise Restructure', 8 June

Public Service Association (1996), The PSA Response to Draft Structures for DTEC and TAFE Coordination, A Report from TAFE and DTEC PSA Members, 5 March.

Radbone, I. (1991) 'Decentralisation in the South Australian Public Service: A Progress Report: In Australian Journal of Public Administration, December, Vol. 50, No. 4, pp. 432-442.

Ramsey, G. (1996) 'Future Directions for Technical and Further Education' in P. Kearns (ed) Kangan 20 Years On: A Commemoration, TAFE - 1974-1994, National Centre for Vocational Education Research Ltd, South Australia.

Scott, B. (1989), TAFE Restructuring, in Management Review: NSW Education Portfolio.

Scott, B. (1990) TAFE's Commission for the 1990's, Management Review: New South Wales Education Portfolio, June.

Shears, L. (1985) 'The TAFE Board and the TAFE Colleges - The Seventh Change in M. Fraser, J. Dunstan, P. Creed (eds) Perspective on Organisational Change; Lessons from Education, Australia: Longman Cheshire Pty Limited, pp. 85-108.

Smith, J. (1994) 'Devolution: International Trends and the Genesis of Wider Process of Educational Restructuring in R. Martin & et al (eds) Devolution, Decentralisation: The Structure of Australian Schooling: The Australian Education Union, Queensland.

Smith, S. C. (1993) 'A New Career Service' in M Gardner (ed) Human Resource Management and Industrial Relations in the Public Sector, Brisbane: Centre for Australian Public Sector Management.

Stedgwick, S.T. (1994) "Evaluation of Management Reforms in the Australian Public Service" in Australian Public Administration, September, Vol 53 No 1 pp. 341-347.

Steering Committee for the Review of Commonwealth/State Service Provision, (1995), Report on Government Service Provision, Commonwealth of Australia.

Tanzer, N. (1993) 'Commercialisation and the Efficiency Delivery of Services by the Department of Administrative Services' in P. Weller, J. Foster & G. Davis (eds), Reforming the Public Service, Melbourne, MacMillan Education Australia Pty Ltd.

Taylor, R.M. (1996) Report of the Review of the ANTA Agreement, Australian Government Publishing Services, Canberra.

Technical and Teachers Federation, (1995), 'Skychannel Stop Work Meeting of the NSW TAFETA, 19 October.

Walsh, P. and Ryan, R. (1993) 'The Making of the Employment Contracts Act', In Employment Contracts: New Zealand Experience, Victoria University Press.

Williams, A. (1994) 'Female Temporary Office Workers' in D Mortimer & P Leece (eds), Employment Relations: Theory and Practice, Proceedings of the Inaugural Conference of the International Employment Relations Association, Nepean: University of Western Sydney.

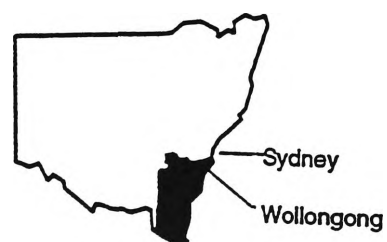
Whyte, S. (1992) 'Restructuring the Public Service - The Integration of Data Entry and Clerical Areas' in The Journal in Industrial Relations, September, Vol. 34, No. 3, pp. 420-435.

Woods and Jones (1993) 'Human Resource Strategies in the Commercialisation and Corporatisation of Government Enterprises', In Australian Journal of Public Administration, March, Vol. 52, No. 1, pp. 25-30.

ILLAWARRA INSTITUTE OF TECHNOLOGY



New South Wales



▲ Colleges and Major Associated Centres

**Commercialisation in the NSW
Public Sector and the Implications for
Industrial Relations**

by

Liway Johnson

This research project is being conducted as a partial requirement in Masters in Commerce (Honours) Degree supervised by Professor Ray Markey in the Economics department at the University of Wollongong.

The aim of my study is to investigate how commercialisation is implemented in the NSW Public Sector, using Illawarra Institute of Technology as a case study. At the end of my study, I am hoping to highlight the impact of commercialisation in Industrial Relations.

If you have any enquiries regarding the conduct of the research, please contact the Secretary of the University of Wollongong Human Research Ethic Committee on (042) 214 457.

Please note that the survey is confidential, voluntary and you are free to withdraw from the research at any time. This survey may be published, if you consent to the data being used in this manner and wish to take part in this research please sign below.

When you have completed the survey, please place it in the enclosed envelope and return it to Liway Johnson, International Students Unit, Wollongong Campus on the 20 May 1996.

In addition I have attached a letter of approval from the Stephen Bramah, Deputy Director, Illawarra Institute. If you require further information, please contact me on (042) 290 131.

Signed _____

SURVEY ON COMMERCIALISATION AT THE ILLAWARRA INSTITUTE OF TECHNOLOGY

Questionnaire:

- 1 Sex: male ☐
- female ☐
- 2 Age: _____
- 3 Number of years working in TAFE _____
- 4 Classification _____
- 5 Are you currently employed as:
- full-time ☐
- part-time ☐
- 6 What is the status of your employment?
- ☐ permanent ☐ temporary ☐ casual
- 7 Are you happy with your job now? ☐ Yes ☐ No
- If not, why not? _____

8 If you are acting in your current job, what is your substantive position?

- ☐ Senior Head Teacher
- ☐ Head Teacher
- ☐ Teacher
- ☐ Education Officer
- ☐ Coordinator
- ☐ Consultant
- ☐ Admin Officer
- ☐ others, please specify _____

9 How long have you been involved in TAFE Plus training (or commercial activities).

- ☐ less than one year
- ☐ one year
- ☐ two years
- ☐ three years
- ☐ four years
- ☐ five years or more

10 What do you understand management's objectives to be in commercialisation?

11 What do you think are the benefits of commercialisation to you personally? You may tick more than one item.

- ☐ offering job satisfaction and challenges
- ☐ job security
- ☐ flexible working hours
- ☐ improve wages
- ☐ enhancement of skills
- ☐ improvement of career prospects
- ☐ self-direction & freedom

☐ other, please specify _____

12 Who do you think benefits from TAFE Plus training (or commercialisation) at the Institute? You may tick more than one item.

- ☐ industry
- ☐ students
- ☐ staff
- ☐ management
- ☐ other _____

13 In what ways do you think TAFE Plus training (or commercialisation) is beneficial to the industry, students, staff and management.

Industry:

Students:

Staff:

Institute:

- 14 Do you think TAFE Plus training and other commercial activities are going to succeed (in terms of objectives) at Illawarra Institute of Technology?

☐ Yes ☐ No

If no, why not? You may tick more than one item.

- ☐ lack of market culture
- ☐ lack of commercial skills by staff
- ☐ lack of access to training
- ☐ lack of management & staff support
- ☐ lack of communication
- ☐ lack of ability to identify potential market opportunities
- ☐ lack of quality assurance
- ☐ strong competition with other providers
- ☐ poor public image
- ☐ bureaucracy
- ☐ others, please specify _____

Workload

- 15 Do you have extra tasks as a result of commercialisation? Please list examples of extra tasks which you have to do as a result of your involvement in TAFE Plus training or commercial activities?

- 16 Estimate extra hours you have to spend at work?

- 17 List some of the things that you have to forego in order to cope with your workload? You may tick more than one item.

Educational:

- ☐ less time for research and lesson preparation
- ☐ less time for the development of curriculum
- ☐ less time for development of effective lesson delivery
- ☐ reduce access to staff development

Communication:

- ☐ reduce contact with students
- ☐ less time to communicate with colleagues

Industry and Community Contact:

- ☐ reduced industry contact
- ☐ reduce community involvement

Health:

- ☐ constant pressure
- ☐ increased stress

Personal:

- ☐ less time with family

Others: please specify

Decentralisation

The devolution of management and admin activities from the Central Support Office to the Institutes greatly affected the ways things are done at the Institute level.

18 What do you think are the advantages of devolving these activities to the Institute. You may tick more than one item.

- ☐ more student places
- ☐ increased autonomy at the Institute level
- ☐ increased accountability
- ☐ economies of scale
- ☐ increased authority for institute to manage its own affairs
- ☐ Institute capacity to respond immediately to customers.
- ☐ equitable use of resources
- ☐ more staff participation in decision making
- ☐ greater capacity to respond to special regional needs
- ☐ Others, please specify

19 What do you think are the disadvantages of decentralisation?
You may tick more than one item.

- ☐ competition among Institutes for tendering funds
- ☐ capacity for local variation of employment conditions
- ☐ erosion of working conditions
- ☐ loss of jobs
- ☐ reduced quality of teaching
- ☐ weakens TAFE's credibility in the community
- ☐ others, please specify

20 Who do you think best looks after your interests at work?

- ☐ Your employer
- ☐ Your immediate supervisor
- ☐ Yourself
- ☐ Teachers Federation
- ☐ Public Service Association
- ☐ Others, please specify

21. Would you like to make a comment about current restructuring at TAFE e.g. commercialisation.

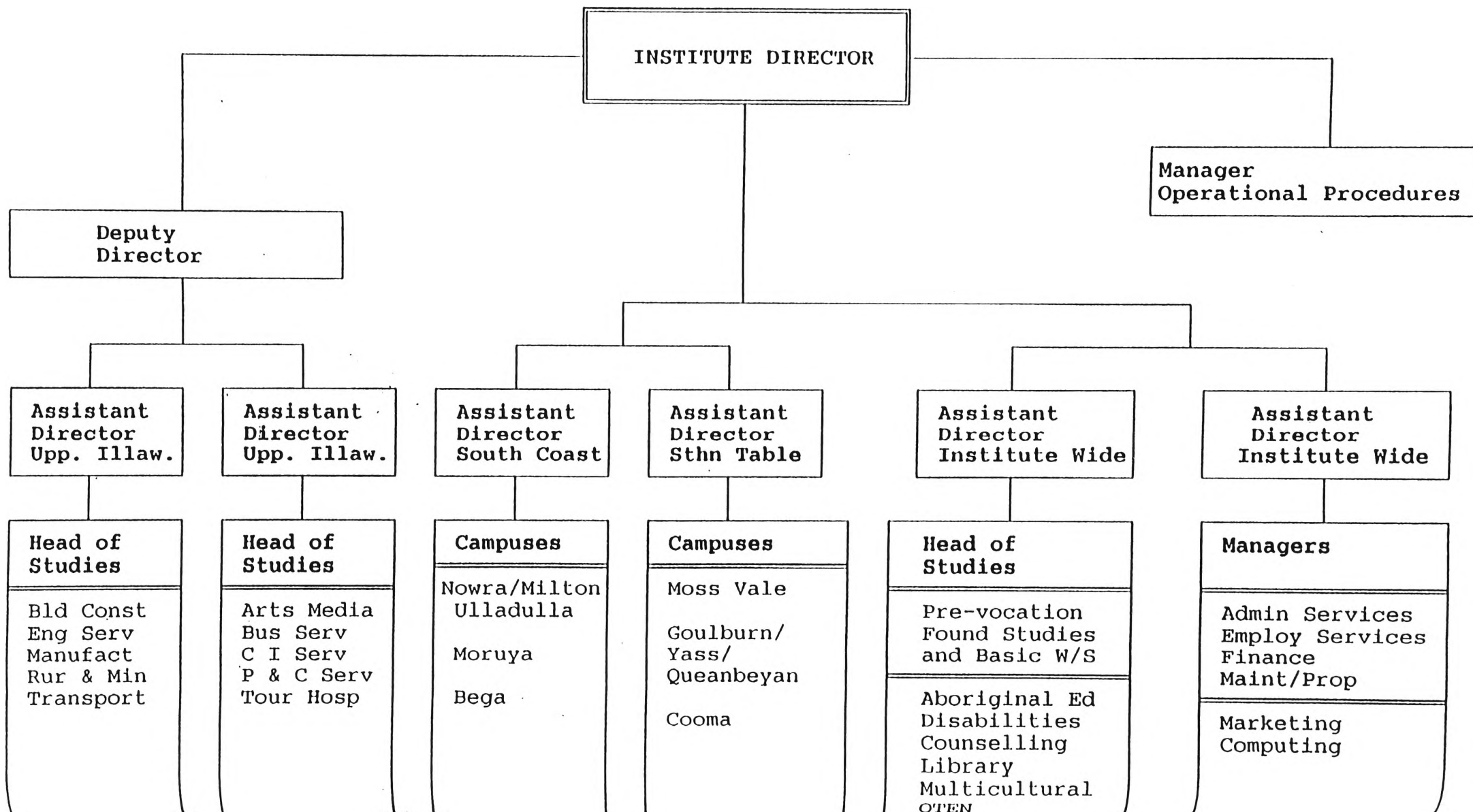
- 22 In what ways do you think the implementation of commercialisation at the Institute can be improved.

Thank you very much for your precious time, for sharing your thoughts and ideas.

Please return to: Liway Johnson, International Students Office,
Wollongong Campus.

- 6 -

Illawarra Institute of Technology



PREAMBLE

NO.

The Illawarra Institute of Technology was created by amalgamating what was formerly the Illawarra Urban and South Eastern Networks. It currently consists of 14 colleges located at Wollongong, Wollongong West, Dapto, Yallah, Shellharbour, Nowra, Milton/Ulladulla, Moruya, Bega, Cooma, Queanbeyan, Yass, Goulburn and Moss Vale. Colleges vary in size between Wollongong, the fourth largest in the State and Yass which is the smallest in New South Wales. It incorporates both an Urban and Rural Profile.

In order to establish an Institute of Technology other than in name only and to be responsive in meeting the current and future directions of vocational education and training, it is critically important that the Institute's organisational design facilitates client satisfaction through the receipt of a quality product at a cost effective price. This proposal addresses both the educational issues associated with TAFE's new direction and provides a structure which strengthens communication lines both within and outside the Institute. It addresses a number of issues that are and have been outstanding for a number of years. It also positions the Institute to address the boundaries which currently exist between:

- compulsory and post-compulsory schooling
- school and TAFE
- TAFE and the adult and community education sector
- TAFE and higher education
- TAFE and private training providers
- TAFE and industry

Head of Studies within what was previously termed the Upper Illawarra will have dual responsibilities. Primarily they will be responsible for developing and implementing in consultation with staff, industry and the other major stakeholders an education and training plan for their respective Training Divisions for the five delivery points in the Upper Illawarra. This includes the location of classes, and distribution of resources. The secondary responsibility will be to provide technical expertise and advice to the principals and staff located in the "rural" area of the Institute.

SUMMARY OF MAJOR RECOMMENDATIONS

- The amalgamation of smaller colleges will establish an Institute of Technology consisting of seven major campuses.
 - i) Colleges located at Wollongong, Wollongong West, Shellharbour, Dapto and Yallah will be amalgamated to form the major component of the Illawarra Institute of Technology (Upper Illawarra). This new campus will operate on a Training Division basis which will facilitate the development of an efficient and effective education and training plan. Each Division will be headed by a Head of Studies who will report to an Assistant Director.
 - ii) Milton/Ulladulla and Nowra colleges will amalgamate and this new campus together with the campuses at Moruya and Bega will form the South Coast college grouping. A Campus Manager within this group will have the dual role of Campus Manager and Assistant Director. Such a position will be paid by way of an allowance commensurate with the additional duties to be performed.
 - iii) Yass, Queanbeyan and Goulburn colleges will amalgamate and this new campus together with the campus at Cooma and Moss Vale will create the Southern Tablelands campus grouping. A Campus Manager within this group will have the dual role of Campus Manager and Assistant Director. Such a position will be paid by way of an allowance commensurate with the additional duties to be performed.

- The position of Assistant Director with Institute wide responsibilities will be created to coordinate the "Special Program Area". Head of Studies will also be established within this area of operations.
- The position of Assistant Director with Institute wide responsibilities will be created to coordinate the administrative services. Managers will also be established within this area of administration.
- All Positions of Assistant Director other than those relative to the South Coast and Southern Tablelands will be filled in accordance with the Commission's selection procedures. The successful applicants will be employed under an enterprise award.
- Positions of Head of Studies and Managers will be created and filled in accordance with the Commission's selection procedures. The successful applicants will be employed under an enterprise award.

**ILLAWARRA**
INSTITUTE OF TECHNOLOGY**INSTITUTE OFFICE
INTERNAL
MEMORANDUM****To:** All Institute Managers**From:** Stephen Bramah
Acting Director**Telephone:** (042) 264723 **Fax:** (042) 264748**Date:** 11 October 1996 **Reference:** Proposed Institute Re-alignment**Subject:** Re-alignment Status

Firstly, my sincere thanks to all those who have provided comments on the proposed re-alignment. Without exception your contributions were well considered and clearly presented. The delay in responding to your comments was only partly due to the time required to absorb them; a major factor was the need for a decision by Jane Diplock on Brendan's return to the Institute.

While we are still awaiting the decision Brendan and I do not believe it would be sensible for us to further delay the re-alignment. We have already lost six months through uncertainty over Brendan's return. Continued uncertainty will hinder us in getting the Institute ready for the challenges which face us. Of utmost urgency is the need to reduce our costs and/or increase our ASCH significantly; the new management positions will have a critical role to play in improving our productivity.

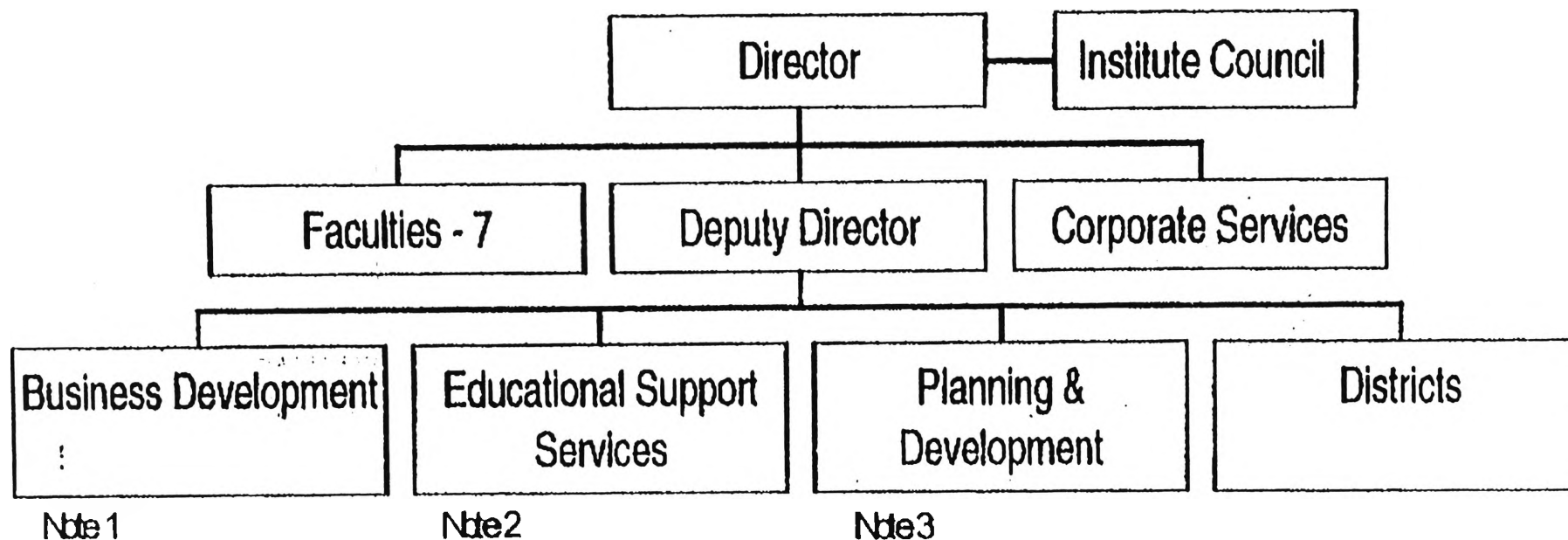
I understand the current structure took almost six months to finalise once the positions were first identified. Yet we must be able to begin the next financial year with our budget built on the re-aligned structure. I therefore intend to press on as quickly as possible.

The enclosed diagrams indicate the changes made as a result of your comments. There will be some changes in the position descriptions flowing from these changes although I doubt that these will be major. As soon as the changes have been made I will provide each of you with a fresh copy. Meanwhile Di Holdforth is heading a group of four comprising two HOS and two College Managers to work up a clear statement of the distinction between the responsibilities of Faculty Heads and District Managers in the new structure. We will begin the job evaluation phase as soon as possible.

Enclosures:

1. Re-alignment Diagrams (8)

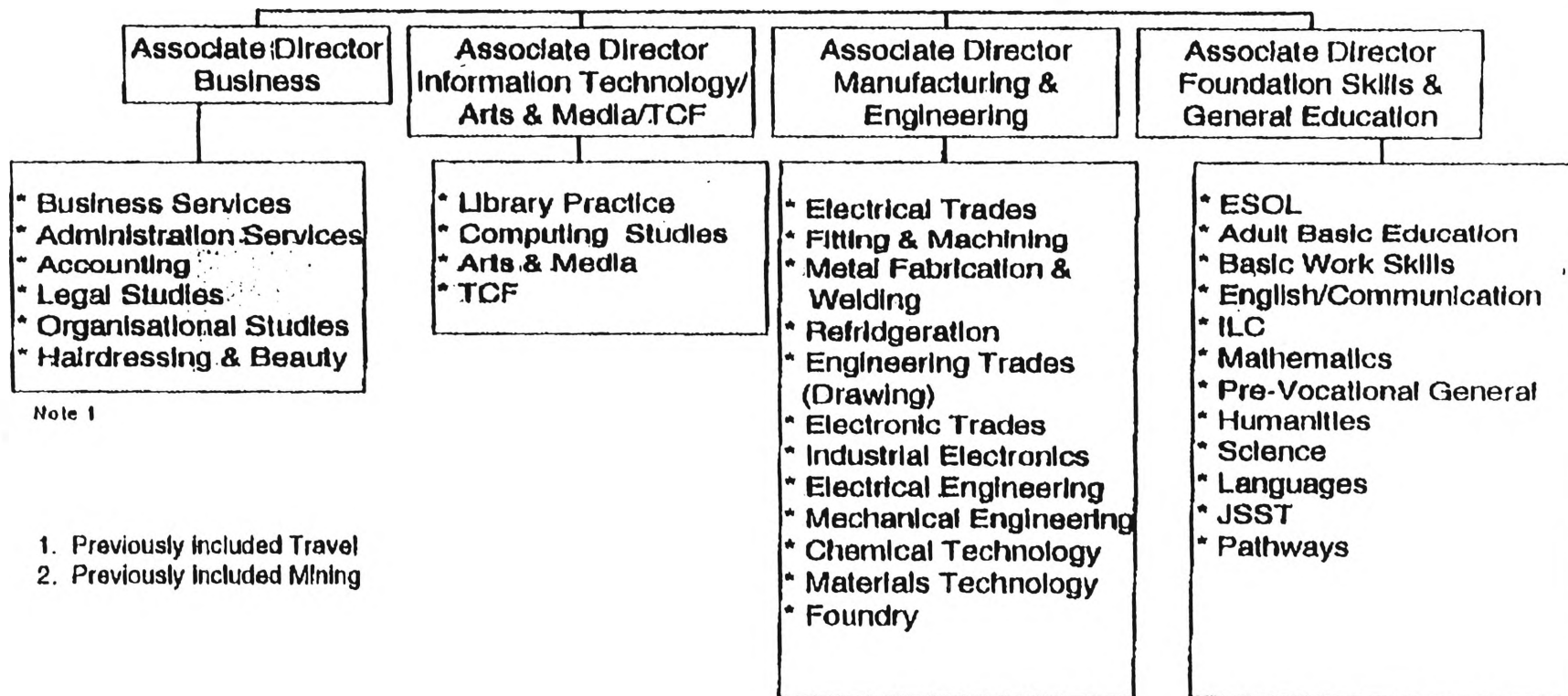
Re-Alignment of Illawarra Institute Structure



NOTES:

1. Previously titled "Contracted Trainer and Business Development"
2. Previously titled "Equity"
3. Planning & Development previously reported to Director while Corporate Services reported to Deputy Director

Re-Alignment of Illawarra Institute Structure

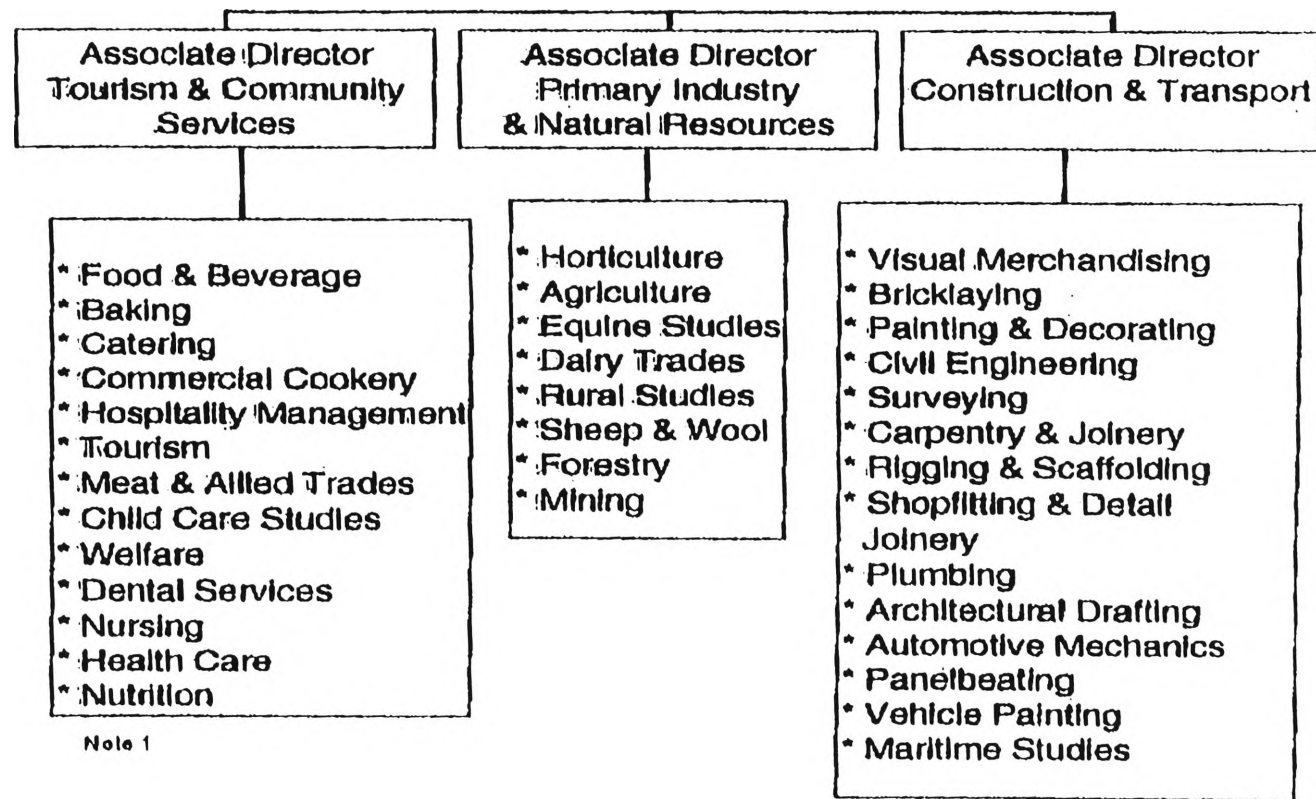


Note 1

1. Previously included Travel
2. Previously included Mining

Note 2

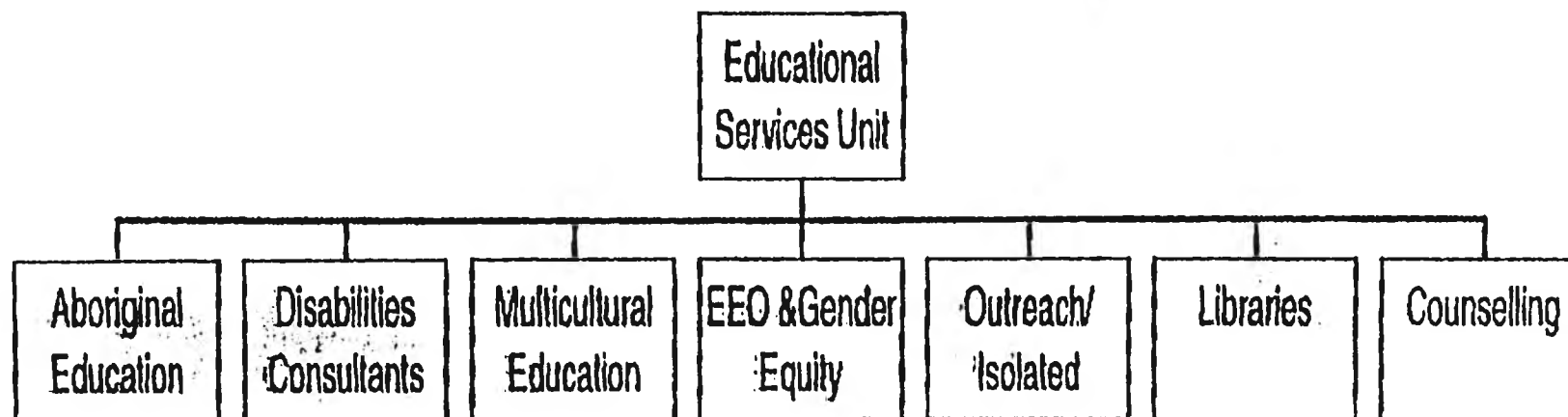
Re-Alignment of Illawarra Institute Structure



Note 1

1. Nutrition omitted in error

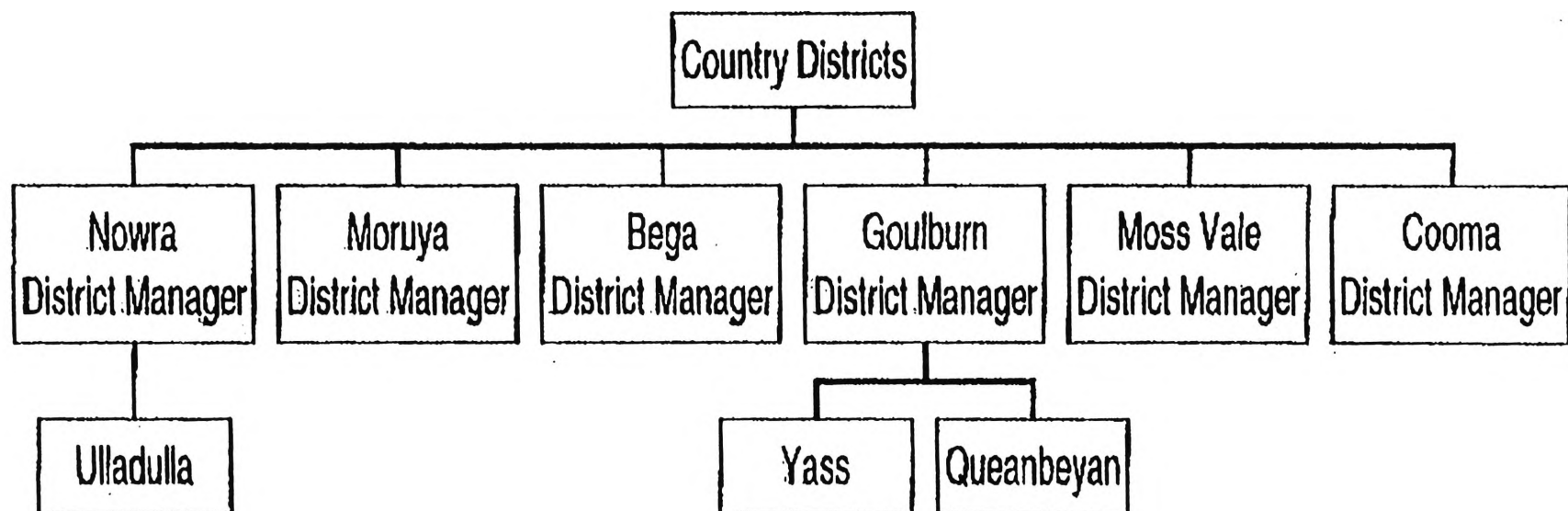
Re-Alignment of Illawarra Institute Structure



Note

1. Previously titled 'Equity Unit'
2. Libraries and Counselling added
3. EEO added to 'Gender Equity'

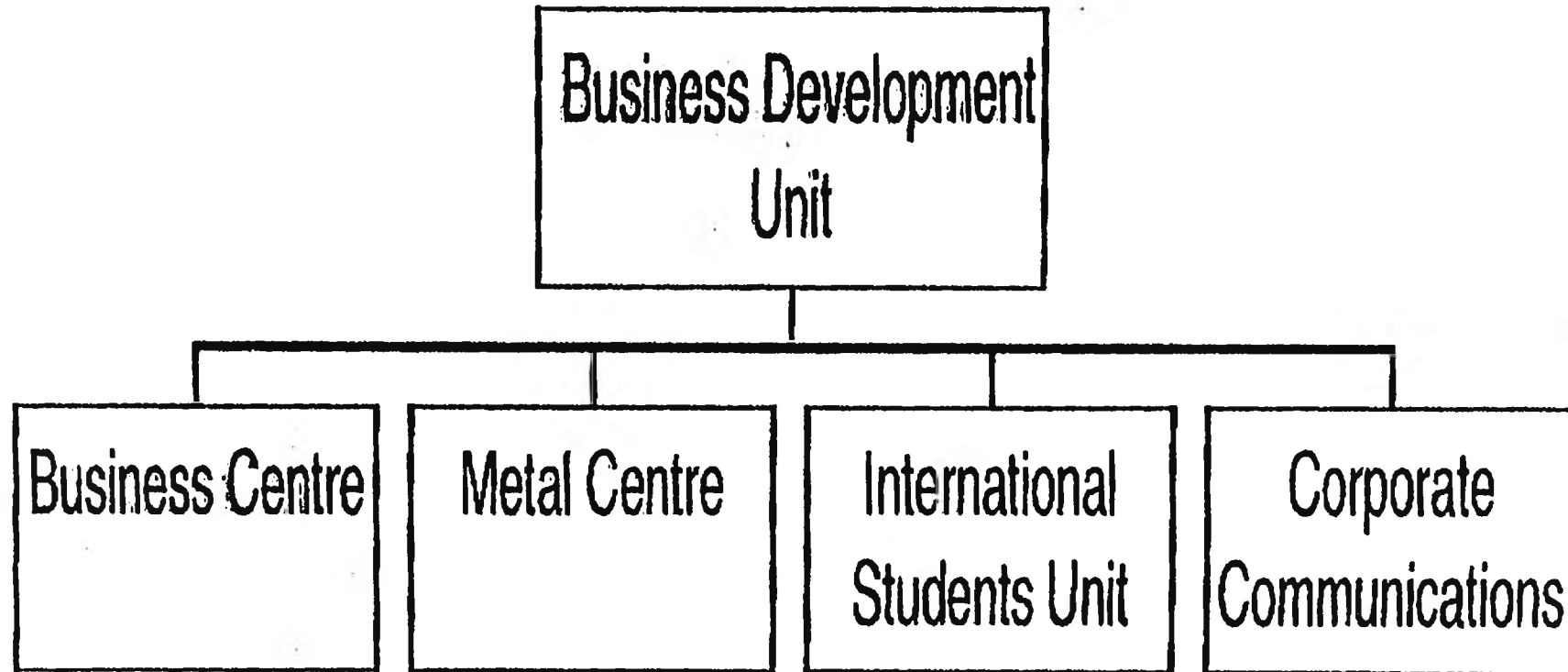
Re-Alignment of Illawarra Institute Structure



Note

1. Associate Director now deleted

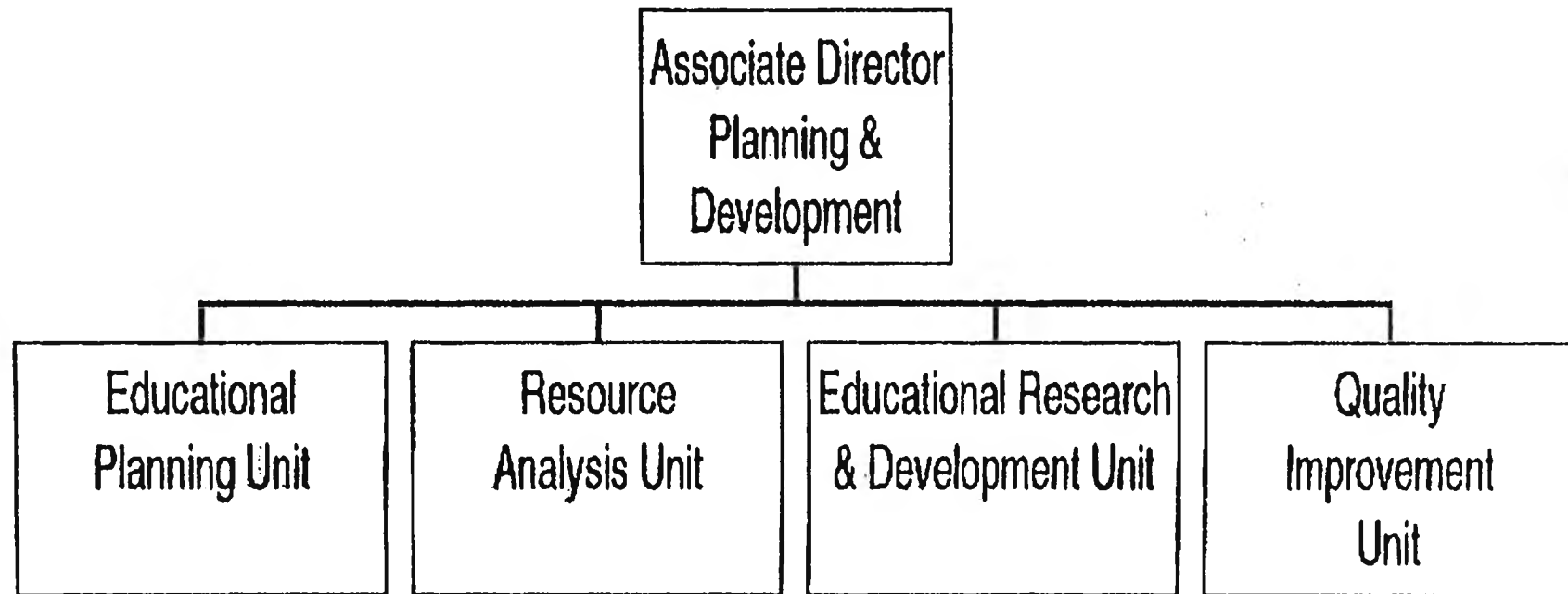
Re-Alignment of Illawarra Institute Structure



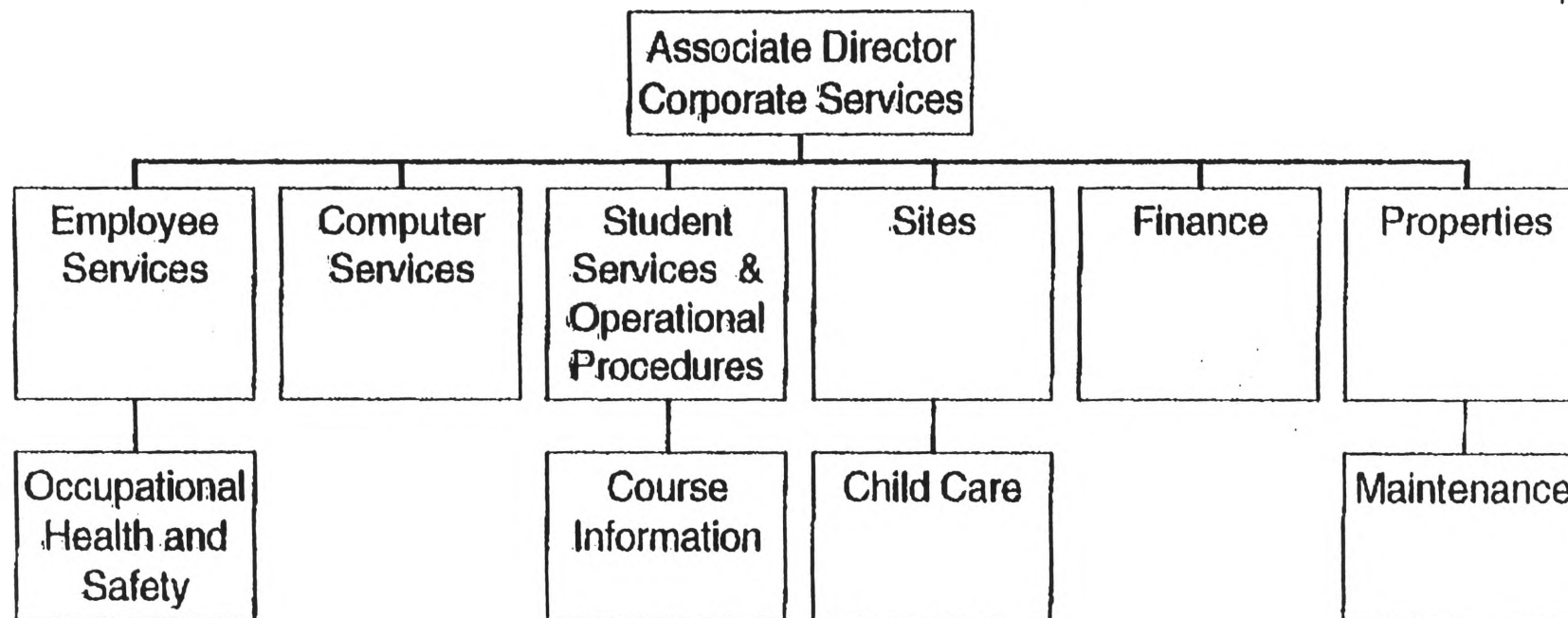
Note

1. Business Centre previously "Consultants"
2. International Students Unit previously 'International Projects'
3. Corporate Communications previously 'Promotion'

Re-Alignment of Illawarra Institute Structure

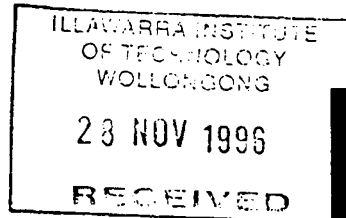


Re-Alignment of Illawarra Institute Structure



Note

1. Previously included Libraries and Counselling
2. Course Information also supports Business Development Centre

**ILLAWARRA**
INSTITUTE OF TECHNOLOGYINSTITUTE OFFICE
INTERNAL
MEMORANDUM

To: All Institute Managers
All Snr/Head Teachers
Section Leaders

From: Stephen Bramah
A/Director

Telephone: (042) 222 904 **Fax:** (042) 264 748

Date: 26/11/96 **Reference:**

Subject: ILLAWARRA INSTITUTE PRODUCTIVITY
IMPROVEMENTS

Background

In my earlier memo dated 22 October 1996 I enclosed a summary of the Institute's current financial position which demonstrated a need to achieve productivity improvements and financial savings.

A representative group of staff have met and identified a number of ways in which the Institute's financial position can be improved. I wish to stress that the review is not only about cost savings, but also about productivity improvements and how we can increase our student numbers, within the existing global budget, in a cost effective way. Any savings achieved in excess of that needed to fund the Institute's financial shortfall will be used to provide additional resources for growth areas to meet unmet demand or to improve the quality of programs. Unfortunately, if the savings are insufficient to meet the financial shortfall, then, as outlined previously, it may be necessary to "borrow" against the future 1997/98 Institute budget, which would mean less programs could be planned in future years.

Productivity Improvements

The following recommendations have been discussed by Policy Executive and approved for implementation. If you or your staff can make additional recommendations for improving our financial position and productivity, your suggestions would be appreciated. They can be forwarded to your Assistant Director, or if you prefer, direct to me.

The range of financial savings/productivity improvements that we intend to focus on for the remainder of 1996/97 include action in the following areas:-

*Distributed
to all sections
29/11/96*

ILLAWARRA INSTITUTE
OF TECHNOLOGY
WOLLONGONG

28 NOV 1996

RECEIVED

1. Review of Institute Course Profile

1.1 The entire Institute's planned program for 1st Semester 1997 is to be reviewed, to determine what courses/groups can operate within the existing budget, and what additional groups could be conducted if additional funds were available. Where possible, any extra resources will be directed to the highest unmet priority area that generates the best result for the Institute.

1.2 Where it can be demonstrated that savings and/or productivity improvements result, courses will be rationalised between centres, particularly in the Upper Illawarra.

1.3 Require Higher student enrolment numbers before commencing classes, particularly in sections which use significant amounts of part time and excess hours. Review courses/subjects where Class Below the Norm forms have been approved in recent years, and where there is a pattern of low student demand or high student withdrawals, consider running the program by alternative means, or only running the program every second year.

1.4 Increase cost effective flexible delivery enrolments through the Wollongong Open Learning Centre.

1.5 Use the information available from the Planning Committee to only run courses with a record of high completion rates, and consider deleting courses with low ASCH for the costs involved.

1.6 Promotion during December, January and early February of specific courses to increase enrolments to full class groups in courses which traditionally have some vacancies remaining after the enrolment period. This will improve our productivity and assist the Institute's budget in future years.

1.7 Seek opportunities for delivery of courses in the workplace.

2 Review of Budget Allocation Process

2.1 College/Faculty and Section budgets will be reviewed to ensure that they are only funded from core funds to the extent of their core State program shown in the planned program for 1st Semester 1997. Where this results in insufficient funding to cover fulltime salaries, the shortfall is to be achieved through non-core programs, such as LMP, JSST, Commercial Activities, Servicing, visiting teachers, or fulltime staff performing duties such as course co-ordination. Where, even with these actions a Head of Studies or College Manager is unable to achieve full programs for the staff in their Faculty or College, then the extent of the shortfall is to be referred to the Institute's Resource Review Committee to determine how the shortfall is to be accommodated.

28 NOV 1996

RECEIVED

2.2 Review our tendering processes to ensure our costings for special programs are realistic in terms of the Teacher's Consent Award.

2.3 Review and if necessary reduce Marketing Unit costs to the Statewide average for Marketing Unit services.

2.4 Teaching hour transfers on RATS forms will be at a maximum of \$50 per hour. Where the income to the Institute income exceeds \$50 per teaching hour, the surplus will be accumulated centrally as a saving. ✓

2.5 Transfer resources from high cost, downturn low student enrolment areas to emerging high demand areas. To the extent that this can be achieved, the Institute increases student enrolments, provides better service to emerging industries and improves productivity and cost competitiveness. In recent years this has been occurring slowly, but there is a need to increase the rate of transfer.

3 Review of Operational Practices ✓

3.1 Develop and implement procedures, with staff assistance, that ensures the Illawarra Institute receives its full entitlement for staff that are seconded to, or perform duties for other Institutes, Educational Support Consortia, Central Support or other agencies.

3.2 Seek approval for a uniform Institute policy on student materials fees, including RPL prior to enrolment, to offset the cost of providing in-class materials.

3.3 Seek savings in utilities electricity, gas and telephone costs, as outlined in the previous memo for the Manager Finance.

3.4 Where possible, conduct generic classes rather than course specific groups in areas such as tutorial support, communication, mathematics etc. In large centres this will reduce the number of groups conducted.

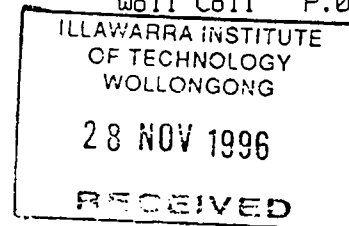
3.5 Review class timetables to minimise costs of delivery through General Assistant's and Technical Officer cost for support.

3.6 Review Senior Head Teacher and Head Teacher workloads to ensure consistent approaches are used throughout the Institute.

3.7 Where possible, contract out low student/teacher ratio activities, or use Recognition of Prior Learning or workplace accreditation for high cost activities

3.8 Where possible ensure travelling time is absorbed within a teacher's program when teaching at different sites.

3.9 Through teamwork, seek to identify student tutorial and other support needs early, at enrolment, or in the first few weeks of classes. This provides a better service



to students, increasing course/subject completion rates, and places the Institute in a better position for future budget allocations, as our outcomes increase.

3.10 Use appropriate class/student support, including suitable adaptive technology.

3.11 Carry out a comprehensive review of recent DEETYA budget and policy decisions to identify and bid for all possible opportunities available to the Institute.

4 Review of Staff Management Practices

4.1 Review staff programs, particularly with respect to releases, low priority programs taught, and changes in current enterprise agreements and awards, to ensure that consistent Institute wide practices are being used that are aligned with recent changes. An Institute working party will be established to review the programs that have been approved in 1996. The purpose of the working party will be to discuss anomalies with supervisors and to make recommendations on how programs may be arranged to improve productivity and achieve consistent practices across the Institute.

4.2 Fulltime vacancies for both educational and non-educational staff are not to be filled during the remainder of 1996/97 unless absolutely essential. During the remainder of 1996/97 any fulltime recruitment will require the prior approval of the Institute Director.

✓ 4.3 Seek alternative uses for excess support staff in sections with declining student enrolments, either through retraining, or contracting out our staff to perform duties for other organisations.

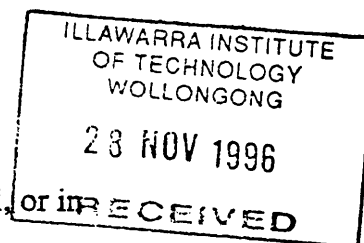
✓ 4.4 Seek to use suitably qualified underprogrammed fulltime teaching staff to provide support and teaching services for students with disabilities.

✓ 4.5 Seek to use underprogramed staff for duties other than teaching wherever possible, such as Institute/College/Campus JSST co-ordination, etc.

✓ 4.6 Seek approval to be able to offer voluntary redundancies, or directed transfers in areas where staff cannot achieve full programs.

4.7 Introduce a practice for the remainder of 1996/97 of not replacing support staff on leave unless the work required is absolutely essential and there is no other member of staff who could perform those essential duties.

4.8 Staff are to be reminded that Rights to Private Practice expire at the end of each calender year, and staff seeking to engage in Private Practice in 1997 need to submit new applications. These applications are to be checked to ensure that there is no conflict with the Institute's interests or ability to achieve income. Where the



Institute is advised of staff engaging in Private Practice without approval, conflict with the Institute's interests appropriate action is to be taken.

4.9 Comprehensively review and assess administrative services provided in colleges to determine what tasks are essential for the delivery of our programs, with the aim of reducing administrative overheads where possible. This may include engaging outside expertise in expense reduction analysis on a contingency fee of part of the realised savings for the first year.

4.10 Re-issue the previous TAFE Gazette item on permanent part-time employment.

Conclusion

Ray Tolhurst will co-ordinate the production and distribution of additional guidelines which will clarify procedures to be applied in 1997 for the areas identified above. I anticipate that these guidelines will be issued as a complete package to Heads of Sections, and other staff as appropriate, as soon as possible.

In addition to the above measures, the Institute is committed to completion of the re-alignment of the Institute organisational structure to reduce the number of Institute Manager positions and associated salary costs. It will also be a priority to seek additional marketing and retail opportunities for the Institute's products and services.

By Mid January we should be in a position to estimate the value of the savings and productivity improvements that can be achieved this financial year. Only by working together can we ensure that the maximum possible resources are directed towards our students. Your involvement with these proposals is essential to our success.

A handwritten signature in black ink, appearing to read "Stephen Bramah".

Stephen Bramah
Acting Director
Illawarra Institute of Technology

NSW TAFE TEACHERS SALARIES CASE

AGREED OUTCOMES FROM DISCUSSIONS WITH

THE NSW TAFE COMMISSION

AND

THE NSW TEACHERS FEDERATION

2 / AUGUST 1996

Quantum

- (a) 8% salary increase effective from July 1, 1996;
- (b) an additional 3% salary increase effective from July 1, 1997; and
- (c) an additional 4% salary increase effective from July 1, 1998.

Duration

The consent award will expire on June 30, 1999.

Span of Hours

Monday to Saturday inclusive between 6:00am and 10:00pm.

Teaching hours worked between 6:00am and 7:30am and after 5:30pm and up to 10:00pm, Monday to Friday and on a Saturday up to 10:00pm shall attract a 25% time credit.

Teaching hours that are currently compensated with a 25% loading i.e. evening and Saturday, as part of the base program will be time credited on the basis of 5 for 4. Where this time credit cannot be factored in as part of their program, then they can elect to accumulate or be paid fortnightly. Payment is to be at the excess teaching rate.

Teaching undertaken on Sunday or between the hours 10:00pm and 6:00am will be regarded as excess teaching hours and continue to be paid fortnightly at the rate of double the hourly salary rate of the teacher in accordance with the existing formula.

TAFE Year

The TAFE year consists of 50 weeks during which programs may be offered to students and/or customers. It includes those programs that are conducted either on or off the campuses of TAFE NSW. It also includes those periods of non-student attendance when staff undertake other activities which contribute to student outcomes.

Additional one week

Teachers shall have the option of working up to 1 week of their agreed non-attendance period. Such work shall contribute to their total bank of hours. A teacher who works 1 week non teaching duties (vacation time) and who has excess incidental hours will be paid at the Duties Other Than Teaching (DOTT) rate for those hours on a fortnightly basis or at the end of a period by election. A teacher who works 1 week teaching duties (vacation time) and who has excess teaching hours will be paid at the excess teaching rate for those hours on a fortnightly basis or at the end of the period by election.

Teaching Loads and Attendance Patterns

The ordinary teaching program for a teacher is 20 hours teaching including 1 hour of professional development, and 10 hours incidental per week (10 hours teaching per week for a Senior Head Teacher and 14 or 10 hours teaching per week for a Head Teacher depending on the number of hours supervised).

Each teacher must teach a total of not less than 720 hours per annum (19+1x36). Each teacher must undertake incidental duties which total not less than 360 hours per annum (2:1 ie. ratio of teaching to incidental time remains). The teaching load for a Senior Head Teacher will be 360 hours per annum, and teaching loads for a Head Teacher will be 504 hours per annum or 360 hours per annum depending on the number of hours supervised.

Teachers will continue, in consultation with their supervisors, to determine duties that will be conducted during incidental time. 41 weeks attendance is required unless time credits have been banked.

As is currently the case, those teachers whose classes finish prior to the end of the TAFE year, semester or term due to final examinations will continue to perform other duties. Such duties are to be agreed between the teacher and the supervisor.

Programming Patterns

There shall be available three options as they relate to a teaching program.

- (a) Ordinary program. ie. 20 hours teaching including 1 hour professional development and 10 hours incidental per week.
- (b) Averaging program ie. Within the period of up to 12 weeks a teacher may be allocated a program, plus or minus 5 hours teaching per week. The teaching component to incidental duties ratio is to be maintained but may be averaged over the TAFE term or up to 12 weeks, provided that the standard attendance of 30 hours per week is met. A teacher may average his/her ordinary teaching component over periods less than 12 weeks.
- (c) Accumulating program. This is a program where a teacher elects to teach up to a

maximum of 25 (24+1) hours per week. It can accumulate over a TAFE operational period of one Term or up to 12 weeks. Regular or repetitive use of accumulating programs for longer periods should be avoided, however, where a need arises accumulating hours beyond that period is also voluntary.

No teacher shall be directed to teach an accumulated program but may choose to do so in consultation with the appropriate supervisor.

In accordance with the provisions of excess hours teachers may choose to time bank the teaching hours above 20 (19 + 1) or be paid fortnightly or at the end of the term or may elect to accrue excess hours into the next term.

Under an accumulating program, teachers shall be required to attend the Institute each week within the range of 22 hours (14 hours teaching, 1 hour professional development, 7 hours incidental) to 35 hours (24 hours teaching, 1 hour professional development, 10 hours incidental) depending on the number of teaching hours in the program.

The exact level of weekly attendance is to be determined by the teachers and their supervisor in consultation, so as to meet customer needs.

In an ordinary weekly program or averaging program the level of attendance shall continue to be 30 hours per week.

Within each of the above programs, teaching and related staff shall continue to be entitled to existing leave conditions comprising annual leave and agreed weeks of non attendance.

Excess Hours

Teachers may elect on a once per term basis to be paid for excess hours fortnightly, at the end of the term or may elect to accrue excess hours into the next term. By the end of the TAFE Year all excess hours must be used or paid out.

Payment for excess teaching will be at the excess teaching rate which will be equivalent to the part-time casual teaching duties rate.

Payment for excess incidental and duties other than teaching will be paid at the Duties Other Than Teaching (DOTT) rate (if the teacher elects for payment), or the teacher can elect to accrue this incidental time.

A clause shall be included in the consent award to discourage excess teaching hours.

Emergency excess teaching hours worked (ie. emergency means when an unplanned absence of a teacher leads to another teacher, who is to take the class, being given less than 24 hours notice of a change to his/her program) shall be paid fortnightly at the excess teaching rate.

Teaching hours that are currently compensated with a 25% loading i.e. evening and Saturday, as part of the base program will be time credited on the basis of 5 for 4. Where this time credit

cannot be factored in as part of their program, then teachers can elect to accumulate or be paid fortnightly. Payment is to be at the excess teaching rate.

Professional Development

Teachers shall be encouraged to accumulate their professional development time up to a maximum of 12 hours. This will facilitate teachers engaging in more meaningful accredited professional development programs. This will not prevent a teacher who so elects to take their professional development time on a weekly basis.

This professional development is in addition to other professional development time/activities already provided by the NSW TAFE Commission.

Promotion Positions - Teachers

There will be one classification "Head Teacher" with two salary bands. Band 1 will be equivalent to the Step 1 Head Teacher rate and Band 2 will be equivalent to Step 1 Senior Head Teacher rate. Head Teachers and Senior Head Teachers who are incumbents at the time of introduction of the new classification will continue to receive the % increases for their current position and will continue to receive salary increases while they occupy their current position.

The establishment of Head Teacher positions will not be discretionary but will be based on the agreed criteria. The criteria shall not be solely hours-based but shall also be needs based.

Working parties

(i) Discretionary and non-discretionary credits and Role of the Teacher

Both parties have agreed to redefine the role of the teacher and have identified an initial range of duties attached to teaching and a range of duties attached to incidental hours.

The working party will identify and determine for programming purposes what other activities are to be added into the teaching effort and to the incidental effort in regard to credits. The ratio of teaching to incidental time will remain at 2:1.

(ii) Promotion position - Teachers

A working party will review the criteria for the new Head Teacher positions. It will consider the impact of any new agreed criteria on those existing Head Teachers/Senior Head Teachers currently on Step 1 of the Head Teacher/Senior Head Teacher salary scale.

(iii) Teachers Handbook

A Teachers Handbook will be developed which includes advice about teachers' working

conditions and responsibilities.

(iv) Discipline

There shall be a review of the current discipline process as well as its relationship to the grievance procedure in order to streamline and clarify the processes.

(v) Communication

A process to improve communication within TAFE NSW shall be established with a view to ensuring effective and timely communication between TAFE NSW management and TAFE NSW staff.

(vi) Steering committee for consent award.

All final reports to be submitted as close to 10 December 1996 or sooner as appropriate. It was agreed that items (i), (ii) and (iv) would receive highest priority and would ideally be completed by the end of September 1996. Agreed outcomes from the working parties are to be implemented from the beginning of 1st Term 1997.

Adult Literacy Officers

These staff shall have the same span of hours as teachers ie. Monday to Saturday 6:00am to 10:00pm, with no other variation on their working conditions.

Advanced Skills Counsellors

This allowance continues and is specific to a small number of staff while they continue to occupy their current positions. ie. a TAFE Counsellor who on the day immediately preceding the operation of the 1991 Technical and Further Education Commission of NSW - Teachers and Related Employees - Salaries and Conditions award had a salary equivalent to that of Head Teacher will retain that salary while he/she continues to occupy that position and be classified as an Advanced Skills Counsellor. The allowance will be increased in accordance with the % salary increases.

Counsellors

Counsellors shall have the same span of hours as teachers ie. 6:00am to 10:00pm Monday to Saturday inclusive. The hours of attendance shall continue to be 35 hours per week.

Education Officers, Curriculum Officers, Training Division Officers and Related Staff

These staff shall work 420 hours every 12 weeks. Flexitime shall not apply and the capacity to average shall be included.

Early Childhood Directors

Early Childhood Directors will not be covered by this consent award. Salary arrangements will continue to be by Determination. TAFE NSW and the NSW Teachers Federation will meet to discuss quantum.

Educational Operations Manager's at OTEN

Educational Operations Manager's (EOM's) at OTEN will not be included in the consent award but the 8% salary increase will be flowed on by administrative action (subsequent % increases would be flowed on if necessary).

Special cases will be considered.

Special Program Coordinators

These staff shall have the same span of hours as teachers ie. Monday to Saturday 6:00am to 10:00pm, with no other variation on their working conditions.

Part-time casual teachers

Salary increases paid to full time teachers will flow to casual part-time teachers in accordance with the existing formula.

Contract Teachers at OTEN

The contract teachers at OTEN will be included in the consent award and the salary increases paid to full time teachers will flow to part-time casual contract teachers in accordance with existing formula. OTEN contract teachers will receive the payments for 1995 in accordance with an earlier TAFE NSW commitment.

Implementation of consent award

Salary increase of 8% effective July 1, 1996. Operational implementation is to be effective from the commencement of Term 4, 1996 (October 14, 1996). Overtime payments accrued since July 1, 1996 will be paid at existing Excess Teaching rate (ie. not including 8%) until the award is granted when the new provisions in relation to the payment of overtime will apply.

The NSW Technical and Further Education Commission - Teachers and Other Educational Staff Enterprise Agreement will be terminated by consent. There will be no policy documents in the consent award. The consent award will comply with the new Industrial Relations Act.

Upon the making of the award, the NSW TAFE Commission shall pay administratively the 8% increase in salary and allowances from July 1, 1996 to all current teachers and other educational staff and those who have resigned or retired on or after July 1, 1996.

Schedule of positions covered by consent award

- Teacher
- Head Teacher
- Senior Head Teacher
- OTEN Contract Teacher
- Education Officer, Senior, Chief, Principal
- Research Officer, Senior, Chief, Principal
- Counsellor, Senior, Chief, Principal
- Quality Assurance Co-ordinator
- Industry Specialist
- Principal Officer
- Curriculum Manager
- Cluster Manager
- Accreditation Manager
- Curriculum Strategies Manager
- Educational Quality Audit Manager
- Manager Education, Training and Resource Centre
- Manager Open Learning Program
- Manager Planning and Evaluation
- Manager Educational Research
- Special Program Co-ordinator (Aboriginal, Multicultural, Outreach, Labour Market Program, Consultant for the Disabled, Institute Media)
- Adult Literacy Officer
- Assistant Outreach Co-ordinator
- Part-time casual Counsellor
- Part-time casual Teachers and Co-ordinator
- Any position that due to restructuring has a title/name changed during the life of the consent award

Status Quo

Where this agreed outcomes paper is silent the status quo will remain unless further discussions lead to an agreed change.

Leave Reserved

- Locality Allowance

It was agreed in principle that this issue would be included in a Leave Reserved clause. Locality allowances will continue to be paid at the current locations.